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JAPAN

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International Affairs

GATT Director Seeks Support for Uruguay Round

OW0206070290 Tokyo JIJI in English 1345 GMT
1 Jun 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, June 1 (JIJI PRESS)—GATT Director General Arthur Dunkel Friday urged Japan and other major industrial nations to provide political impetus to ensure a success of the Uruguay Round trade talks. At his meeting with Prime Minister Toshiki Kaifu here, Dunkel called on participants in the July Houston summit of seven major industrial nations to pledge political support for a successful conclusion of the Uruguay Round by the end of this year.

Dunkel said it is important for contracting parties of the General Agreement on Tariffs and Trade to cooperate in achieving progress in all 15 negotiating areas of the multilateral trade talks, urging Japan to make efforts to promote such progress.

Kaifu pointed to unilateral trade actions represented by the Super 301 provisions of the U.S. Omnibus Trade Act of 1988 and said that GATT's rules need to be obeyed properly.

If the Uruguay Round can set up rules on dispute settlements, unilateral or bilateral trade measures can be eliminated, Dunkel replied.

At a separate meeting with the minister of international trade and industry, Dunkel said Japan as well as other nations have difficult problems in agricultural trade, noting that farm trade negotiations are one of the hardest parts of the Uruguay Round.

If each nation cannot work out solutions in the negotiations, he can bring them to a successful conclusion as GATT's director general, Dunkel said.

Naval Force Viewed With Respect, Envy

OW2806115690 Tokyo THE JAPAN TIMES in English
27 Jun 90 p 22—FOR OFFICIAL USE ONLY

[By staff writer Masanori Tabata: "Japanese Naval Buildup Continues as U.S. Eyes Cuts"]

[Text] Japan is becoming a major naval player in an international power game in the Asia-Pacific region because of, rather than in spite of, the end of the Cold War.

The buildup of Japan's naval force, the Maritime Self-Defense Force [MSDF], during the past decade has resulted in the creation of a respectable armada of modern fighting ships. These are equipped with state-of-the-art electronic gear and tactical weapons systems almost matching those found on U.S. and Soviet warships (minus, of course, nuclear arms).

Should the superpowers in the coming few years begin focusing on reduction of the naval forces, the steadily

beefed up MSDF will subsequently come to assume a relatively important role in the context of the regional security question.

True, Soviet leader Mikhail Gorbachev has come out with a set of proposals to curb the naval forces of the two superpowers, while announcing ostensibly unilateral steps to scrap some Soviet warships. But these warships proposed for immediate phaseout, including some submarines, are all obsolete by any standard and redundant in the first place, according to Hideo Sekino, a naval affairs expert. This view is more or less unanimously shared by Japanese and Western naval experts.

Some experts point out that from now on sea power will play strategic roles more significant than have land forces up until now.

"It is more logical to assume that the Gorbachev proposals are a trial balloon at best," one knowledgeable observer said.

A considerable number of Soviet surface combatants (such as cruisers and destroyers) and submarines are now reaching the end of their service life and their phaseout should be regarded as a matter of course, rather than a result of a genuine offer of confidence-building measures to reduce forces," said an MSDF source.

Some experts even suspect that the latest Soviet overtures regarding naval arms control are intended to drive a wedge between the U.S. and its allies, especially NATO member countries and Japan.

The Soviet military used to regard the MSDF as a potential adversary that "significantly supplements" the mighty U.S. Navy in the event of hostility. Tokyo has maintained, however, that the strategic posture of Japan's three-service Self-Defense Forces [SDF] "is strictly defensive" and that units are equipped in accordance with this "defense-only" policy guideline and tactical doctrine.

Even some progovernment defense experts admit that the relatively large scale of recent MSDF buildup programs tends to invite apprehensions among Japan's Asian neighbors. They fear that the Japanese naval force is increasingly becoming part of the global military strategy of the U.S.

"I sometimes wonder whether it really is necessary (for the MSDF) to build so many expensive large ships, such as the (four) AEGIS-equipped destroyers, the first of which is now under construction," said Naotoshi Sakonjo, a retired vice admiral, now a defense analyst. He has been advocating that patrolling Japan's three international straits, Soya, Tsugaru and Tsushima, the so-called choke points where Soviet submarines could be prevented from sneaking out into open seas, is far more effective in a time of crisis than to patrol sea lanes.

The former flag-rank MSDF officer said, however, that given the reduction of tensions worldwide, he finds no need for Japan to fill the vacuum to be created by the expected naval force reduction by the U.S.

It is a widely recognized fact that the MSDF, once called a mere training force, is fast becoming a combat-ready fighting force with considerable capability to wage defensive mine warfare and limited-scale antisubmarine operations. Indicative of the MSDF's growth was last year's Japan-U.S. bilateral naval exercise held in the Pacific. It was part of an almost unprecedentedly large-scale, multinational war game dubbed Pacific Exercise 1989, held over a period of some eight weeks between mid-August and October.

It involved warships of the U.S. 3rd and 7th Fleets including four attack carriers, and two refurbished battleships of World War II vintage, as well as other types of combat ships, support vessels, combat aircraft and various military units sent by Japan, South Korea, the Philippines, Thailand, Canada and Australia.

The Japanese flotilla, which because of constitutional restrictions were detailed to take part in separate naval drills carried out on a bilateral basis, happened to be the largest force among the participants, other than the American forces.

Led by the large helicopter-carrying destroyers Hiei, Haruna and Shirane, more than 40 destroyers and destroyer escorts armed with sea-to-air and ship-to-ship missiles as well as antisubmarine warfare weapons took part in the various types of mission-oriented drills. These included simulated ASW, electronic countermeasure, air defense and surface combat drills.

During the exercises, a squadron of MSDF destroyers was reportedly assigned to escort a U.S. carrier battle group led by the nuclear-powered supercarrier Enterprise.

In another part of the Pacific near the Japanese islands, another squadron of Japanese destroyers also escorted a six-ship amphibious landing warfare group of the U.S. Navy transporting Marine Corps combat units and their equipment, in close cooperation with some U.S. warships. This was reportedly the first such troop convoy escorting exercise involving both the MSDF and U.S. Marines.

Some 200 tactical combat planes of the Air Self-Defense Force also took part in exercises with U.S. Air Force units. They were staged in a well-coordinated manner and held in tandem with the naval drills as well as ground combat drills being held in Japan during the same period of time.

Japan's three-service SDF had reportedly played their allotted roles in various mock war scenarios adopted for this unprecedentedly large-scale multinational, regional war game in a "quite satisfactory" manner, according to some informed observers.

The fact that the SDF could manage to mobilize more than 40 destroyer-type warships and 200 or so tactical combat planes (such as F-15s, F-4s and F-1s) and employ them solely for a single exercise vividly illustrates the degree of combat readiness acquired by the Japanese armed forces.

The recently completed biennial naval exercises of Pacific nations provides another such example of Japanese preparedness. During the two-month-long exercise, the MSDF's eight destroyers plus eight ship-based antisubmarine warfare helicopters, one supply ship, one attack submarine, and eight P-3C antisubmarine patrol planes accomplished their assigned missions at maximum efficiency, according to Defense Agency sources.

So far, both Washington and most U.S. allies give no serious consideration to the "Gorby initiative" regarding reduction of naval forces, at least officially. One of the reasons for their virtually ignoring the Gorbachev proposals is that the modernization of Soviet naval forces in this part of the world is still going on. Open-sea operations of Soviet fleets and individual warships, however, appear to have been slowed down recently, most probably for reasons of budgetary constraints and fuel shortage, according to Defense Agency officials.

In terms of the number of combat vessels, the Soviet Navy has already surpassed the U.S. Navy, various Western intelligence reports say. Given the present balance of naval forces in the Pacific, the MSDF's role and status would become even more significant and relevant to the security issues of the region.

In Washington the Bush administration has come to seriously contemplate naval force reduction in connection with the U.S. Navy's streamlining programs and the budget deficit problem. Thus a considerable number of surface combatants, chiefly destroyers and frigates tasked with missions of escorting carrier battle groups and convoys of cargo and troop transport ships, are destined to be retired and scrapped. Even two of 15 attack carriers, the main pillars of the U.S. naval strategy, are now to be retired shortly.

The relative status of the MSDF, with its 55 destroyers and slightly smaller frigate-type escort ships, to be joined shortly by eight more large destroyers now under construction, will be significantly boosted among the naval powers not only in this region of the world but elsewhere as well.

In fact, the MSDF has already been subjected to either professional respect or envy, as illustrated by the following passage in a commentary by the editor-in-chief of the 1989 edition of the Jane's Fighting Ships on the current buildup program of the Japanese naval force: "(American) AEGIS (air-defense and sea combat control) technology, which is too rich for European blood, is to be installed in a first batch of four 7,000-ton destroyers, of which the lead ship is planned to be commissioned (with the MSDF) in March 1993."

Kuriyama on Policy Reflecting Economic Might

OW0706092990 Tokyo THE JAPAN TIMES in English 6 Jun 90 p 3—FOR OFFICIAL USE ONLY

[Text] Emerging revisionist thinking abroad—that Japan is different—will gain further momentum unless Japan begins acting like a responsible major power, a top Japanese diplomat says. Japan needs to implement the

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foreign policy of a major power with an "unassuming posture," Takakazu Kuriyama, vice foreign minister, says in a recent essay.

Tensions and frictions in Japan's external relations result from other nations' concern that Japan's may be seeking to advance its own economic power at the expense of others without assuming international responsibilities, he says. It is about time that Japan's foreign policy was changed from that of a minor power into that of a major power, he claims.

Kuriyama expressed his views in his essay in the May edition of *GAIKO (DIPLOMATIC) FORUM*, a monthly magazine compiled with the cooperation of the ministry. The ministry has recently issued an English translation of the essay, titled "New Directions for Japanese Foreign Policy in the Changing World of the 1990's."

Japan should outgrow the attitudes and conduct that it gradually acquired over the years as a defeated nation or as a latecomer striving to catch up with advanced nations, he argues. He emphasizes the importance of having the "universality" of a major power, in which Japan should stop invoking the "special circumstances" argument about Japan vis-a-vis other countries.

Not being a superpower, Japan needs to seek a new international order together with the United States and Europe, Kuriyama said, adding that Japan's international role will be exclusively limited to nonmilitary contributions.

Three main pillars in Japan's international role consist of cooperation for peace, promotion of international cultural exchange, and expansion of official development assistance, he said.

Speaking on Japan's relations with the United States, Kuriyama said; "Japan-U.S. relations have consistently been the axis of Japan's foreign policy, but the meaning of the word 'axis' has changed significantly. "The time when Japan could take for granted an international order sustained by U.S. strength and unilaterally depend on it is long past."

The two nations, as major industrialized democracies, are in a position to share responsibilities for world peace and prosperity together with West Europe, Kuriyama said. He said, however, that the Japanese-U.S. Security Treaty remains valid for some reasons.

He cited the security environment around Japan, which remains unclear as the modernization of Soviet naval and air powers, and the North-South tension in the Korean peninsula continues. He also cited the fact that the treaty renders international credibility to Japan's fundamental stance that it will not become a major military power, thus facilitating the acceptance of a larger political and economic role for Japan by its neighbors.

A copy of the English version of the essay is available at the ministry's international press division.

United States

Foreign Ministry, Bank Neglect Domestic Rates

OW0706034490 Tokyo MAINICHI DAILY NEWS
in English 5 Jun 90 p 6—FOR OFFICIAL USE ONLY

["Perspectives" page article by Eietsu Imamatsu of MAINICHI SHIMBUN: "FM, BOJ Neglected Domestic Adjustment"]

[Text] "At the rate things change these days, the deregulation of interest rates should have been completed long ago," muttered Tsukasa Shishima, president of the Fukuoka City Bank, Ltd., as he watched the goings on in the U.S.-Japan financial negotiations.

Shishima who was an active proponent of turning sogo (mutual saving) banks into ordinary banks is now known as an active proponent towards the deregulation of interest rates; he was one of the first to issue money market certificates. In fact, Shishima started singing the praises of money market certificates in 1983. But the ponderous Finance Ministry dragged its feet, and money market certificates didn't become a reality until March 1985.

Right before U.S.-Japan financial talks got under way in mid-May, the Finance Ministry decided to liberalize interest rates on time deposits by 1993. The large city banks, however, would like to see faster action. "If there is going to be complete deregulation," says the head of a large city bank, "we may as well do it soon, as the United States has been stressing."

The percentage of market interest rate products, which are the main means used by city banks to procure money, has surpassed 80 percent of the new rate.

The banker doesn't think the complete deregulation of deposit interest rates is bad, even after figuring out the lowest figure for the new short-term prime rate of loan interest, which is the interest rate when the bank's profit and cost are added to the procurement interest rate.

Actually, the thinking of the big Japanese financial institutions is on the same wavelength as that of the American negotiators, who say it would no longer be odd to completely liberalize deposit interest rates now that seven years have passed since the U.S. and Japan have been holding talks on the dollar and the yen. Naturally, the complete deregulation of deposit interest rates would exert an enormous effect on the operation of shinyo-kinko (credit associations) and shinyo-kumiai (credit unions).

Even as the deregulation of interest rates goes on, the savings and loans industry crisis in the U.S. is continuing, and it is thought that an unthinkable amount of 500 billion dollars will be needed to bail out such troubled firms. The small- and medium-scale credit associations and unions are probably Japan's closest equivalent of the American savings and loans institutions.

The reason the credit associations and unions as well as agricultural cooperatives are fighting so hard against the deregulation of interest rates lies in their fears of following in the footsteps of the American savings and loans. The U.S. is blaming the failure of the savings and loans on their management. But, at the root of it all, in order to meet the rise in procurement costs with the deregulation of interest rates, the savings and loans were forced to expand into fields that were risky but had high profit margins. Likewise, a deregulation of deposit interest rates would probably send the small- and medium-scale Japanese financial institutions searching for borrowers for high interest loans—a situation that could create the same pitfall that felled the American savings and loans.

The existence of the postal savings system also further complicates the financial picture in Japan. With some 130 trillion yen, the postal savings system holds four times as much as even the 30 trillion yen in megabank Mitsui Taiyo Kobe Bank's domestic savings accounts. Thus, if the postal savings system doesn't move in unison with the banks, deregulation of interest rates cannot go smoothly.

Where does the answer lie? Banks are working full tilt now, with ones as big as city banks to as small as trust unions gathering savings, lending money at rates comparable to those of industrial banks.

A commonly held view these days is voiced by Yoshio Suzuki, assistant director of the Nomura Research Institute, Ltd.: "If small-sized financial institutions became savings financial institutions by loaning assets from their savings to other financial institutions on the market, they can avoid the development of any management risks even if savings interest rates are deregulated."

Problems started, however, when scheduling for the deregulation of interest rates began without due consideration given to such arguments. But Japan is about the only industrialized nation that has not completely deregulated savings interest rates.

But the Ministry of Finance and the Bank of Japan [BOJ] have neglected to do anything about domestic adjustments, while both Sishima, and Osamu Hashiguchi, president of the Hiroshima Bank and chairman of the Regional Banks Association of Japan, are in favor of abolishing the regulations on savings interest rates. The move of credit associations and unions, though, is delicate.

In any case, the U.S. is pressing for the realization of a total liberalization of normal savings and fluctuating savings by next April. It does not leave the BOJ [Bank of Japan] and the Ministry of Finance much time for domestic dabbling, and if they mess up in their response to the demand, it will only complicate U.S.-Japan financial friction.

Bank of Japan's Loan Dependency Criticized

OW1006044590 Tokyo THE JAPAN TIMES in English 9 Jun 90 p 7—FOR OFFICIAL USE ONLY

[Text] The Bank of Japan [BOJ] should reduce its dependence on loans to commercial banks as a primary means of monetary adjustment, according to a report released Friday by a study group. For that purpose, reform of the nation's money markets, including the development of the treasury bill market, should be accelerated to provide alternative means of credit control, the report notes.

The group, organized jointly by the Finance Ministry and the Bank of Japan and composed of scholars and financial industry experts, compiled the report on Japan's short-term credit markets after a year of discussion designed to step up transparency and effectiveness of the current system.

BOJ loans to commercial banks, offered at the sub-market official discount rate, have often been criticized by the United States as amounting to a subsidy to major domestic banks. The report acknowledges that dependence on BOJ loans as a primary source of credit control is inevitable at this moment because the BOJ, unlike the central banks in other Western industrialized economies, lacks effective means of monetary adjustment on the open markets.

At the same time, the report calls for reform in the open money markets, including the development of a treasury bill market. These measures are aimed at providing the BOJ with a core means of market operation and enabling the central bank to reduce its dependence on loans to commercial banks as a key measure of credit control in the future.

Akiyoshi Horiuchi, professor of economics at Tokyo University, who headed the study group, dismissed speculation at a news conference that U.S. opposition to BOJ loans influenced the conclusion of the report. The professor said that, in his opinion, it is undeniable that central bank loans at discount rates have served as virtual subsidies to commercial banks, and called for the creation of alternative means of credit control.

The report also proposes that, in the interbank market, the entry of new money market brokers should be encouraged and direct dealing between banks should be promoted.

However, the report falls short of calling for re-examining the current system of taxation of financial instruments on the market, which was one of the complaints of the U.S. delegation at last month's Japanese-U.S. working-level talks on financial issues.

U.S. Seeks 'To Retain Financial Dominance'

OW0706035590 Tokyo MAINICHI DAILY NEWS in English 5 Jun 90 p 6—FOR OFFICIAL USE ONLY

["Perspectives" page article by Mitsuo Moriyama of MAINICHI SHIMBUN: "U.S. Aims to Retain Financial

Dominance—Will Cut Japanese Banks' Competitive Edge Through Deregulation"]

[Text] Japan failed to come up with a timetable for deregulating its interest rates when it met with the United States at the second set of talks on finance on May 21-22. The Decision now will have to wait for the third set of meetings on finance in November.

Until that time the spotlight will be on domestic maneuverings to schedule the appropriate time for deregulating interest rates. This article will analyze the aims of the U.S. in these dealings, and the ability of financial institutions to respond.

Before the second U.S.-Japan meeting on finance started, a former high-ranking Ministry of Finance official had predicted, "At the U.S. Treasury Department there is antagonism between Under Secretary of International Affairs David Mulford and Assistant Secretary Charles Dallara.

"During the Structural Impediments Initiative [SII] talks, Dallara received high marks for squeezing concessions from the Japanese. This time Mulford will probably try to get big points by making strong demands at the finance meeting." In fact, Mulford urged Japan to drop interest rate regulations within a year, while the Japanese side could not come up with a clear timetable for deregulation, and in so doing delayed a decision on the matter.

But a Finance Ministry official who took part in the meetings revealed that, "The United States and Japan had agreed ahead of time not to divulge a timetable for deregulating interest rates." So, the official suspected, "The reason Mulford emphasized 'within one year' was to satisfy people in the U.S. It was to show the U.S. Congress that he had done all that he could."

Similar to the SII talks, that are seeking to correct trade imbalances, the meetings were thought up as a way to put the countries on an equal footing in financial matters.

The American strategy is to somehow retain its dominance in the world when it comes to finance, in which field the U.S. has strong international competitiveness. For this reason, the U.S. Treasury is currently compiling a report, in accordance with laws of the Omnibus Trade Act, on how U.S. financial organs are doing in foreign financial markets and how they are being treated.

Furthermore, a bill is in its final stages of deliberation in the U.S. Senate on fair trade in the financial services market. The retaliatory bill would restrict the operations of foreign banks and securities firms that come from countries which do not provide equal access in their markets to U.S. financial firms.

It is said the aim of the bill is to punish Japan and its financial institutions. American actions such as these stem from the overpresence of Japanese banks in the U.S.

For instance, at 370 billion dollars, Japanese banks hold around 14 percent of the total assets of banks in the

United States, while with 30 billion dollars, American banks have less than 1 percent of the total assets in Japan. On top of that, nine of the top 10 banks in the world (based on total assets from 1988) are Japanese.

The Treasury considers the regulated interest rates of Japan to be the wellspring for the international competitiveness of Japanese banks. Japanese banks enter new markets around the world with money supplied to them by interest rates regulated by the Government.

Mulford argues that if Japan abolishes the regulated interest rates, Japanese banks will lose the advantage they have over other banks in the U.S. At the same time the personal incomes of individuals with savings will increase a total of 1 percent of the gross national product, and both consumption and imports will increase.

But compared to large-scale concessions made at the SII talks, there was an aspect of complacency on the part of the Ministry of Finance at the last finance talks.

Vice Finance Minister for International Affairs Makoto Utsumi balked at Mulford's advances of deregulating interest rates within the year at the joint press conference, saying, "The Ministry of Finance and the Treasury Department must maintain a close relationship to be able to deal with problems such as the accumulated debt of developing nations."

Even concerning the retaliatory bill in the Senate right now, a ministry official quipped that sanctions would not be possible, saying, "Japanese financial institutions are financing, and supplying funds to fight the financial deficit of the United States. What will happen to the United States if it asks those Japanese banks to get out." Mulford, though, who has Senate backing, will not make concessions so easily.

Meanwhile, the ministry is certain to face a quadratic equation involving the opposing wishes of the U.S. and the domestic demands of agricultural cooperatives and small- and medium-sized financial institutions, which are against early liberalization of the financial market.

U.S. Marine Pullout From Okinawa Predicted

OW0406095090 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 26 May 90 Morning Edition p 2
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[Text] Chong Ho-kun, chairman of the ROK Joint Chiefs of Staff, who is visiting Japan with President No Tae-u, successively met with Vice Defense Minister Nishihiro and Joint Staff Council Chairman Terashima at the Defense Agency on 25 May. Vice Minister Nishihiro, noting that it is his personal opinion, referred to a troop cut plan of the U.S. Forces Japan, saying:

"The United States has said that it will cut as many personnel as possible in the logistics sector, but not in the combat sector. It will be difficult to cut 5,000 to 6,000 men in the logistics sector alone. I think that, depending on the situation, the United States may turn its sights to the Marines stationed on Okinawa." Nishihiro thus indicated that he believes the United States is highly

likely to reduce the size of the Marine Corps, which is the core of the forward deployment strategic force in East Asia. This is the first time a senior Defense Agency official has commented on the possibility of a reduction in the size of the U.S. Marine Corps at an official occasion.

Chairman Chong conveyed through Vice Minister Nishihiro an invitation for Defense Agency Director General Ishikawa and Chairman Terashima to visit the ROK to attend the ROK Armed Forces' founding anniversary on 1 October. Nishihiro said that "they would be pleased to accept the invitation if the schedule allows them to make the visit."

Chairman Terashima and Chairman Chong later met to discuss the military situation in East Asia. They agreed that "the remarkable changes that have been seen in Europe have not yet been observed in this area, but there is a possibility that delicate changes will occur in the future."

Peace March Begins Walk Across Okinawa

*OW0406112990 Tokyo JPS in English 0926 GMT
4 Jun 90—FOR OFFICIAL USE ONLY*

[Text] Tokyo June 4 JPS—The People's Great Peace March for the 1990 World Conference Against A and H Bombs on the Okinawa-Hiroshima course started on June 3 for its 7-day march from north to south. The march left Nago City in the north of Okinawa main island and will arrive at Naha City in the south of the island on June 9, when a final rally will be held at Yogi Park.

Before the start of the march, a ceremony was held in front of the Nago City administration offices, with about 250 marchers including Sanae Sakuragi, who is to walk all the way to Hiroshima, and 8 people who will walk down the island all the way.

Hiroaki Yoshizawa, director of the Okinawa Prefectural Council Against A and H Bombs (Gensuikyo) spoke, stressing the importance of a successful peace march in Okinawa, one of the supposed nuclear battlefields. He also called for the success of the enactment this year of a hibakusha (A-bomb sufferers) relief law, the withdrawal of nuclear military bases and the fourth peace wave.

Naha City Not To Appeal Ruling on U.S. Bases

*OW0806112490 Tokyo JPS in English 0942 GMT
8 Jun 90—FOR OFFICIAL USE ONLY*

[Text] Tokyo Jun 8 (JPS)—Mayor Kosei Oyadomari of Naha City, Okinawa Prefecture, on June 6 said that the city will not appeal to the high court against the Naha District Court's decision to turn the city municipal government's demand to nullify the state's decision to use municipal land for U.S. military facilities.

The district court on May 29 held as legal the state's authority to use the Naha Military Port and the Futenma Airport for U.S. military forces in accordance with the Japan-U.S. Security Treaty.

In a press conference on June 6, Mayor Oyadomari said, "There are many problems in the district court decision. I am still convinced that the claim of Naha City is right." The mayor, also said that it is however very difficult to get the court to accept the city's arguments of the unconstitutionality of the Japan-U.S. Security Treaty. But there have been some achievements, including the return of the housing district of Maki Port, during the court struggle. He concluded that we will have to give up the idea of an appeal to the high court.

Before the mayor came to this conclusion, he asked the city government parties for their views. The Japanese Communist Party stated that the mayor should appeal to the high court. But there was no agreement reached.

JSP Notes New Stance on U.S. Security Treaty

*OW2506181490 Tokyo MAINICHI DAILY NEWS
in English 24 Jun 90 p 1—FOR OFFICIAL USE ONLY*

[Text] The Japan Socialist Party [JSP], the country's largest opposition party, called for changing the Japan-U.S. Security Treaty into one for political and economic cooperation between the two countries, in its first independent endorsement of the pact.

JSP Secretary-General Tsuruo Yamaguchi, issuing a statement on the 30th anniversary of the 1960 security treaty, said Friday the JSP was right to have opposed the signing of the treaty in the context of the Cold War between the U.S. and Soviet Union. But, he said that with the easing of global tensions Japan and the U.S. can now develop the plan into a more comprehensive one, promoting mutual confidence, and that the JSP will undertake sincere consultations with the U.S. to help change the nature of the treaty.

In an attempt to form a coalition with other opposition parties, the JSP had earlier agreed to support the treaty's continuance, but Yamaguchi's Friday statement represents for the first time an actual ideological reversal of the JSP tenet, one of its most basic, that the treaty must be abolished. It is expected to have significant influence on discussion of a future coalition government policy by opposition.

The JSP said the decision to make the statement was made by Yamaguchi, party Chairwoman Takako Doi, Vice Chairman Makoto Tanabe and others. Disputes within the JSP over the treaty reportedly still remain and the statement is expected to draw criticism from some quarters of the party.

Yamaguchi noted, "It is not a question of alliance or nonalliance any more. The possibility of a third choice has opened up. We will use the treaty as a basis for a wide range of activity, economic and international cooperation, continuing arms reduction and the easing of world tensions." He indicated the treaty in its present form is broad enough to encompass these types of activity as it includes clauses calling for economic cooperation, the support of democracy and human rights and the establishment of international peace and cooperation.

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Article Eyes Economic Reality in U.S. Treaty

OW0906122590 Tokyo THE DAILY YOMIURI
in English 8 Jun 90 p 3—FOR OFFICIAL USE ONLY

[Article by correspondent Mitsuo Miura: "Economic Reality Versus 1960 Japan-U.S. Treaty"—part two in the series "Reviewing the 30-year History and the Future Implications of the Japan-U.S. Security Treaty"]

[Text] Washington—Amid continuing economic friction between Japan and the United States, Article 2 of the Japan-U.S. Security Treaty—stipulating promotion of economic cooperation—is increasingly drawing attention.

Robert Immermann, professor at Columbia University, describes the security treaty as more than a military alliance, saying that it provides a creative method to solve economic disputes before they become political problems.

The importance of the economic clause was evident when the treaty was originally established, as Tadashi Adachi, then chairman of the Japan Chamber of Commerce and Industry, was one of the five Japanese signatories in January 1960. In addition, then Prime Minister Nobusuke Kishi stressed its importance during deliberations on the treaty in the Diet.

Richard Solomon, U.S. assistant secretary of state, noting the role of Article 2 in restructuring bilateral economic relations, explains that the trade imbalance should be removed to ensure that the global partnership stands on firm political and economic ground. The global partnership is said to consist of issues relating to future defense, adjustment in foreign policies, cooperation in economic affairs, and assignment of roles in international bodies.

A U.S. Defense Department report said that the Japan-U.S. relationship will be jolted in the 1990's by trade frictions stemming from the huge U.S. trade deficit and a fear of lost technological competitiveness. This sentiment is also shared by former U.S. Trade Representative William Brock, who said Japan and the United States are undertaking a course toward derailment.

The economic circumstances surrounding the relationship between Japan and the United States have totally changed in the past 30 years. In 1960, the United States opened its giant market to help Japan build up its economic power, for the benefit of securing stability in Asia. But now that Japan has outpaced the United States—which is suffering from a \$50 billion a year imbalance with Japan—in the areas of automobiles, telecommunications and semiconductors, the sentiment toward Japan has greatly changed.

Congressman David Obey, Wis.-D, said that the United States has curbed economic growth to increase defense expenditures, nearly half of which went to defending U.S. allies. Obey added that Japan surpassed the U.S. in trade while the U.S. borrowed money from Japan to spend on weapons.

In the 1950's, when the cold war structure dictated East-West relations, the United States held about 70 percent of the world's assets and markets. Now it is the world's largest debtor nation.

New U.S.-Soviet Economic Ties Welcomed

OW0706131790 Tokyo TOKYO SHIMBUN
in Japanese 5 Jun 90 Morning Edition p 7
—FOR OFFICIAL USE ONLY

[Text] A new age has dawned in economic relations between the United States and the Soviet Union, as a result of a new trade agreement and a set of other trade accords signed at the latest U.S.-Soviet summit talks. The government welcomes this. A senior official at the Ministry of International Trade and Industry [MITI] said: "If the United States and the Soviet Union expand their economic exchanges smoothly, we can expect that the Soviet economic reform and its shift to a market economy will gather momentum. From a long-range viewpoint, we believe that a favorable influence will be exercised upon Japanese-Soviet trade as well."

It is a general view, however, that there will be not much of a short-term, direct effect, since Japan and the Soviet Union already have institutional arrangements in good repair, such as by the conclusion of a trade agreement in 1957, and each country's granting of most favored nation treatment to each other. A government source said: "The conclusion of a new trade agreement between the United States and the Soviet Union does not necessarily mean that it will directly result in strengthened economic relations between Japan and the Soviet Union."

At present, the Soviet economy is in a serious situation, as witnessed by deferred payments to Japan and other Western nations for their exports to Moscow. This cannot be expected to take a sudden turn for the better. Hence, the government takes a calm wait-and-see attitude.

The same government source says, "We want to keep watch from a long-range viewpoint if the accords signed this time, along with the deregulation of the Coordinating Committee for Multilateral Export (Cocom) controls, will have bearings on the economic restructuring of the Soviet Union." He went on to say: "Nonseparation of political matters from economic matters is the principle of Japanese-Soviet relations. It is impossible for Japan to make active moves in economic terms while the northern territories issue remains unresolved." Thus the government plans to remain cautious in its economic policy toward the Soviet Union.

Editorial on U.S. Electronics Industry Future

OW2706025790 Tokyo THE JAPAN TIMES in English
26 Jun 90 p 20—FOR OFFICIAL USE ONLY

[Editorial: "Danger Signals for U.S. Electronics"]

[Text] The new study by the United States Department of Commerce reporting that America's electronics industry is in danger of losing its leadership in manufacturing has been noted with interest here. The study

focuses on the competitiveness of U.S. electronics producers in this decade and identifies specific areas in which the country is falling behind. A major reason for the decline appears to be falling investment in research and investment to support new commercial products.

But there is little doubt that it is also due to the abandonment by American corporations of many sectors of consumer electronics to competitors here and elsewhere in Asia. Indeed, over the past two decades many U.S. companies actually have sold their consumer electronics divisions to Japanese or European producers or have turned them into marketing arms for products manufactured overseas.

Specifically, the Commerce Department warns that American manufacturers are falling behind in dynamic random access memory (DRAM) microchips and the silicon wafers used to make chips, optical data-storage devices, telecommunications network switches and computer display screens, including flat-panel displays. The study also criticizes U.S. manufacturers for not doing enough to excel in the field of X-ray lithography for the production of advanced semiconductors. The government report warns that the U.S. will find it increasingly difficult to recover should it lose its position as a leading player in the production of advanced microchips.

It is certainly no surprise that Japan is singled out by the study as likely to achieve global dominance in consumer electronics as early as 1994 if present trends continue, and that South Korea is cited as a growing force to be reckoned with. Yet to outside observers it seems that official U.S. government attempts to cultivate or reinvigorate the foundations of the country's electronics industry have been tentative at best.

Key figures in the administration of President George Bush, such as Budget Director Richard Darman, Chief of Staff John Sununu and Council of Economic Advisers Chairman Michael Boskin, appear to oppose in principle any assistance that could be construed as an official industrial policy. Staunch defenders of the market economy, they argue that the U.S. electronics industry should succeed or fail on its own merits.

Yet some small-scale projects are under way in the U.S. with the intention of boosting technical prowess across the board. One, funded by the National Science Foundation (NSF) and the Defense Advanced Research Projects Agency (DARPA), aims to develop a high-speed nationwide network for the computing needs of tomorrow. Much of the research is being conducted at the Corporation for National Research Initiatives. Major American computer makers and other users are expected to join the project soon.

Industry experts say that since the high-speed computer network is considered a public resource, like a highway for data transmission, the Bush administration does not interpret the project as a direct example of industrial policy although it aims to develop the infrastructure of the network to allow the quick exchange of data among

U.S. government institutes and offices, private corporate research centers and universities throughout America.

The computer network seems to be regarded as a shared asset rather than a technology for private corporate development. But close observers report that at least some officials in the NSF and DARPA are hoping the project will help American manufacturers gain the know-how necessary for such commercial technologies as high-definition television, a field in which the Bush administration reversed course and opted against providing federal funding.

The new Commerce Department study does more than warn of the continuing decline in American electronics, it offers possible remedies, including boosting capital investment by a reduction in capital gains taxes, relaxing export-control regulations further and granting tax credits for R&D.

Suggestions from the competition are not always welcome, but it does seem from this side of the Pacific that if the U.S. is genuinely concerned about the state of its electronics industry in the coming decade, especially as military procurement winds down, these and other steps could be taken to help ensure its health while still avoiding the establishment of an overt industrial policy.

China

Yen Loans to China Affect Relations With U.S.

OW0806021690 Tokyo THE JAPAN ECONOMIC JOURNAL in English 9 Jun 90 p 9—
FOR OFFICIAL USE ONLY

["Political Scene" column by Toshihiro Ando, NIHON KEIZAI SHIMBUN senior staff writer: "China Is Thorn in U.S.-Japan Relations"]

[Text] When U.S. President George Bush recently decided to extend most-favored-nation trading status to China for another year, the Kaifu administration was almost as relieved as the leadership in Beijing. Prime Minister Toshiki Kaifu felt vindicated because he had sent a personal letter to Bush asking the U.S. not to take any further steps to distance itself from China.

But since Washington has warned Japan not to take any unilateral steps to resume its suspended ¥ [Yen] 800 billion concessionary loans to China, it's difficult to predict the course of Japan-U.S. relations over China.

In early May, former Finance Minister Michio Watanabe, a leader of one of the ruling Liberal Democratic Party's bigger factions, visited Beijing to exchange views with Chinese Prime Minister Li Peng and Jiang Zemin, general secretary of the Chinese Communist Party.

After that, Watanabe visited Washington May 21-25 to discuss the China issue with Bush and Secretary of State James Baker. Watanabe told the Americans that while Chinese leaders are still sounding hawkish over the

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Tiananmen Square (pro-democracy crackdown) incident, they are making serious efforts to alleviate the tension through the release of political prisoners and other means. Thus, Watanabe added, there is reason to believe that Beijing may soften its stance. He urged the U.S. leadership to improve relations with China, specifically by easing the economic sanctions being imposed on China.

In reply, Bush urged that the U.S. and Japan have discussions on the matter in order to take concerted action. Said Bush: "The U.S. and Japan have solved a number of problems in their partnership, and we'd like to continue that in the future."

Meanwhile, Baker told Watanabe he had received a personal letter from Kaifu over another controversial issue: resuming the World Bank's offer of easy credits to China. Baker said the issue would be taken up at the Houston summit meeting of industrialized nations in July.

Japan is eager to lift its ban on concessionary loans to China by taking advantage of a resumption of World Bank credit to Beijing. But Baker expressed caution over the issue and told Watanabe that Western nations should take joint action to alleviate the sanctions against China.

In principle, Bush and Baker don't want to isolate China internationally any more than it is. But U.S. congressional and public opinion are still strongly against the Chinese Government's handling of the Tiananmen incident, and the Bush administration cannot ignore that—particularly with off-year elections slated for this November. Thus, it is now being forced to take a cautious stance over the sanctions.

On the other hand, the Japanese Government is being strongly pressed by China to resume its concessionary yen loans. If Tokyo fails to come through, bilateral relations could be seriously undermined.

Because of lingering bitterness over the Japanese conquest of Manchuria in the 1930s, Tokyo believes it is in no position to follow the lead of Western nations in strongly criticizing the Tiananmen Square incident.

Thus, Kaifu and Bush are expected to hold talks prior to the Houston summit to coordinate their views over the China issue.

Banks To Extend \$1.2 Billion Credit to China

OW0106102790 Tokyo THE DAILY YOMIURI
in English 30 May 90 p 8—FOR OFFICIAL USE ONLY

[Text] A consortium of 67 Japanese banks have agreed to extend until July 1991 a joint \$1.2 billion line of credit to China, originally set to expire on July 15, it was learned Monday. The decision to extend the credit line, under which the banks promise to grant the funds if they are requested, was taken after strong requests from Beijing, which is facing growing difficulties in obtaining foreign exchange, banking sources said.

The 67 banks in July 1985 earmarked \$2 billion in long-term loans for China over a five-year period. So far, Beijing has obtained \$800 million in credits from this funding source.

The agreement sets repayment over a 10-year period and interest rates at 0.25 to 0.375 percentage points higher than LIBOR (London Interbank Offered Rates), a prime yardstick of bank rates, the sources said.

Following the Tiananmen Square massacre of dissident activists last year, which sparked a cut-off of funds from many Western nations, Beijing has found it difficult to find funding sources.

Some of the banks opposed the extension, but later agreed to the one-year extension on condition that China pay an extra commission constituting 0.1 percent of the total loans it will seek after the original July 15 deadline, according to the sources. The extension does not contravene Tokyo's earlier promise after the Tiananmen Square massacre not to provide China any new loans, since the credit line was set before the killings, the sources said.

Prefecture To Accept PRC Technical Trainees

OW0306133290 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 May 90 Morning Edition p 29
—FOR OFFICIAL USE ONLY

[By reporter Toyoshima]

[Excerpts] Taiyuan (Shanxi Province, China), 29 May—Saitama Prefecture basically reached an accord with China's Shanxi Province on accepting technical trainees from the latter on 29 May. An agreement is scheduled to be signed in Taiyuan city, the capital city of Shanxi Province, on 31 May. It is expected that trainees from abroad will have greater difficulty in obtaining visas since the revised Immigration Control and Refugee Recognition Law will take effect on 1 June. In this case, the agreement signed between local governments on accepting technical trainees will certainly arouse attention. [passage omitted]

Prior to sending a delegation to China, the Saitama prefectural government obtained consent from eight local companies, including bakeries and auto parts plants, on accepting the 23 trainees. These companies will be ready to accept trainees as early as this fall. These companies will send representatives to Shanxi Province in late June and select trainees by interviewing candidates recommended by the Chinese side. [passage omitted]

Diet Members Urge Resumption of Loan to China

OW0206062190 Tokyo JIJI in English 1337 GMT
1 Jun 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, June 1 (JIJI PRESS)—A group of Diet (parliament) members Friday adopted a resolution that calls for the government's early resumption of yen loan extensions to China. In its resolution, the suprapartisan Dietmen [words indistinct] for Japan-China friendship

argued the third yen loan program should be implemented promptly as it will help enhance the Chinese people's livelihood.

Preparatory work for the 810-billion-yen low interest credits covering a six-year period from fiscal 1990 which started April 1, was suspended in the wake of Beijing's military crackdown on prodemocracy protesters in early June last year.

After the incident the Chinese authorities have been showing their determination to promote reform and open door polics to make China a liberalized nation, the resolution said. The resolution then urged the Japanese Government not to let China become isolated internationally and to cooperate in the country's reform efforts.

The league's meeting to adopt the resolution was followed by a banquet where Chinese Ambassador to Japan Yang Zhenya was invited.

In his speech, former Liberal Democratic Party (LDP) General Council Chairman Masayoshi Ito, who heads the friendship league, said he is convinced that a stable China will help ensure peace in Asia and around the world. Japan should naturally coordinate views on loan resumption with the United States and other industrial nations, but at the same time, it can take initiative to promote friendship with its neighbor, Ito said.

Survey Indicates Exports to China Halve in 1989

*OW0706123890 Tokyo THE DAILY YOMIURI
in English 6 Jun 90 p 8—FOR OFFICIAL USE ONLY*

[Text] Fiscal 1989 exports to China by 18 major trading companies were down 48 percent from the previous year, in the wake of the business slowdown following the Tiananmen massacre on June 4, 1989, according to trade figures compiled by the Japan Foreign Trade Council.

Exports in April, the latest month for which figures are available, were also down 34 percent from the previous year.

China's foreign debt ballooned from \$15.8 billion at the end of 1985 to \$40 billion by the end of 1988, according to figures released in October 1989 by China's State Administration of Exchange Control. Meanwhile, the country's foreign exchange reserves reportedly dropped from \$17.5 billion at the end of 1988 to \$14.1 billion by the end of 1989.

Despite the difficult business situation in the year since the crackdown, Chinese and Japanese business groups have signed nearly 20 joint projects, including a Nissho-Iwai and JGC Corp. coal liquification project with the Shantung provincial government, and local production of Canon compact cameras. The joint projects are on a smaller scale than past joint Japan-China projects, however. Larger projects, such as new steel mills, were shelved despite China's cooperative efforts.

Trade observers say that Japanese corporations are hamstrung both by China's chronic foreign exchange

shortage and by the political difficulties in dealing with the present administration in the aftermath of the anti-democracy crackdown.

Japanese corporations are wary about moving into China too fast because U.S. corporations continue to hold back, a trading company executive said recently.

Japanese businessmen are awaiting a go-ahead sign from the government, in the form of relaxation of restrictions on the government's latest yen-loan program to China, which has been virtually frozen since last June, observers said.

Joint Steel Firm To Be Set Up in Chongqing

*OW0706141190 Tokyo ASAHI EVENING NEWS
in English 6 Jun 90 p 8—FOR OFFICIAL USE ONLY*

[Text] Sumitomo Metal Industries and Mitsubishi Heavy Industries announced Monday that they will establish a joint venture steel company in Chongqing, China, along with two local firms.

The Chinese firms, Chongqing Special Steel Works and Chongqing Iron and Steel Designing Institute, will provide 55 percent of the 450,000-yuan (Y12.7 million) capital needed for the joint venture, while the two Japanese firms will provide 22.5 percent each.

The joint firm, to be called Chongqing Si You Continuous Casting Machine Technical Engineering Co., will design and engineer a continuous steel-casting system, a relatively new technology for producing billets from molten steel. The firm will handle all production phases of the continuous casting process, from installation of plant equipment to supervision of plant operations, Sumitomo officials said.

China, whose steel industry occupies the pivotal position in its modernization policy, hopes to establish an integrated steel manufacturing plant as a joint venture with Japanese companies, the officials said.

Although China ranks fourth in the world in crude steel production with an annual output of 60 million tons, its continuous-casting rate—the percentage of continuously cast steel output to total steel output—remains at a low 15 percent, compared with more than 90 percent for Japan. As shown by the low rate, China lags behind major industrialized nations in terms of production efficiency and product quality.

The joint venture project was spurred by a request from the Chinese Ministry of Metallurgical Industry, who are aiming to boost China's continuous-casting rate to 50 percent, the officials explained.

Soviet Union

JCP Sends Message to 28th CPSU Congress

*OW0307130690 Tokyo JPS in English 0857 GMT
3 Jul 90—FOR OFFICIAL USE ONLY*

[Text] Tokyo Jul 3 JPS—The Central Committee of the Japanese Communist Party [JCP] sent a message to the

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28th congress of the Communist Party of the Soviet Union [CPSU], which is scheduled to open on July 2 in Moscow. The text of the message follows (English translation by JAPAN PRESS SERVICE).

The Central Committee of the Japanese Communist Party sends greetings to the 28th Congress of the Communist Party of the Soviet Union on the occasion of the opening of the congress.

Your congress is being held during complex developments in the international situation, including upheavals in the Soviet Union and the East European countries. International attention is focussed on your congress—that is of the party of the world's first socialist country, the foundation of which was laid down by Lenin—on the subjects which include what will be the character [of] your party, and what course will your party follow. The reason why our message cannot be just a friendly formal one, is that it reflects reality including the recent relations between our two parties. We have to state this at the beginning.

We will be looking at the results of your congress on the following questions: Whether it will open up a perspective for the resolution of the serious domestic problems in the Soviet Union, including the economic difficulties and national problems, and what steps forward it will take towards liquidation of its great power hegemonism, rectifying its course of unprincipled collaboration with imperialist and reactionary forces, and advancing solidarity with the people in countries of the world, who are struggling for peace, democracy, social progress, defense of the right to national self-determination, and liberation from arms of oppression.

At present, in addition to difficulties inside the Soviet Union, it is openly said in Soviet official publications that there are "three currents" inside the CPSU. We are deeply anxious about this confusion and the Soviet Union's future. On this occasion, we would like to frankly express our view.

At the very root of this confusion is the fact that the Soviet big-power chauvinism, Soviet-centralism and the dogma of Soviet infallibility have not yet been clearly liquidated. The JCP severely criticized the aggression against Czechoslovakia by Soviet and four other Warsaw Treaty Organization forces and the Soviet military intervention in Afghanistan as grave errors contrary to the principles of scientific socialism. The Soviet side launched unjustifiable attacks on the critics of their errors, but as late as last year the Soviet Union and other states concerned made certain self-criticisms. We positively value this. But no fundamental self-criticism has been seen to be made on the crucial point, that these were the errors of big power hegemonism violating the right of nations to self-determination.

Today the error of the Stalin period of the forceful annexation of the three Baltic states into the Soviet Union, under military pressure, in accordance with a

secret agreement with Germany, is still basically operating. The major cause of this is the lack of fundamental self-criticism on the question of big power chauvinism.

Vagueness still exists on big power chauvinism, no improvement in the situation is seen, no matter how loudly "resolution in Lenin's spirit" is being emphasized.

At the root of the recent upheavals in the East European countries, there is the fact that since their liberation in World War II, under occupation by the Soviet Union, these countries suffered strong influence of big power chauvinism. In relation to this, we have to point out that the major cause of the problems in this matter is Soviet hegemonism.

That the Soviet leadership is lacking in fundamental self-criticism of its own big power chauvinism and hegemony has given rise to the recent "new thinking" error and the criticism of it.

In our view the main error of the "new thinking" lies in the fact that the tasks of humanity and the class tasks, which originally should not be opposites, are intentionally posed giving priority to the tasks of humanity in preceding to class tasks. This is used as the pretext to curb the struggles of the world's people for peace, national independence and social progress. It is clear that this "new thinking" policy is contrary to the historical materialism which upholds the view that the people's struggles are the motive power in the development of history. For this very reason the JCP has consistently been criticizing the "new thinking". Many facts about the struggles being waged with difficulty by people in many parts of the world point to the error of unprincipled collaboration with imperialism, based on the "new thinking".

With the planned visit to Japan by President Gorbachev scheduled for next year and the making again of Japan-Soviet relations as a hot issue, we reiterate our view that the pending question of the Chishima (the Kuril islands), the Habomai and Shikotan Islands are the negative legacy stemming from the Stalin period of the Soviet great power chauvinism against Japan. Between the CPSU and the JCP, there are important agreements on Japan-Soviet territorial questions, including the joint statement of December 1979. It is our earnest wish that the Soviet side sincerely put that agreement into practice. We are convinced that this would contribute to the development of true relations of friendship between the peoples of both countries.

Between the JCP and the CPSU, regrettably a series of serious problems have occurred recently. Relations between our two parties are stagnating and regressing.

One problem is interference by the CPSU in the struggles between political parties and the progressive movement in Japan: The CPSU eulogized the Japan Socialist Party [JSP] as an anti-nuclear, progressive force, contrary to the fact that the JSP acts as part of the political alliance,

excluding the JCP, which shelve the task for the elimination of nuclear weapons and accepts the Japan-U.S. Security Treaty, a nuclear military alliance. The CPSU side remains giving [word indistinct] responded to criticism by the JCP, and the problem is still pending.

In addition, the JCP's truthful answers to a four-point question asked by a Soviet magazine on the 70th anniversary ceremony of the October Revolution was not carried in the magazine. Though 'glasnost' is stressed, their attitude contradicted it. The situation following developed in a direction which made the JCP apprehensive.

The JCP welcomes, as steps for nuclear disarmament, the INF treaty and the fundamental agreement in the summit meeting of the U.S. and the Soviet Union on the partial reduction of strategic nuclear weapons, urged by the international anti-nuclear, peace movement in these several years. But this fundamental agreement gives a term of 7 years for its completion, and a large part of nuclear weapons will remain in both the U.S. and the Soviet Union. In addition, the modernization of nuclear forces is virtually unlimited.

The danger of nuclear war has not yet disappeared as the forces, especially the U.S. Bush administration, that cling to nuclear weapons still adopt the "nuclear deterrence" theory and continue the policy of first use of nuclear weapons.

It is necessary to strengthen the effort to isolate the forces that cling to nuclear weapons, by carrying the banner for the total ban and elimination of nuclear weapons. But the Soviet Government, in the international arena, has proposed the "minimum nuclear deterrence concept" based on the possession of nuclear weapons to a certain degree, shelving the urgent central task of the elimination of nuclear weapons. It is fresh in our memory that President Gorbachev did not take up this task in the recent U.S.-Soviet summit talks. It must also be said that the "new thinking" has driven the Soviet leadership into neglecting and obstructing the peoples' movements in other countries, including Japan, for the elimination of nuclear weapons, and to only engage in arms control and disarmament measures which pro-nuclear forces can approve.

It is clear that such an attitude taken by the Soviet side on nuclear weapons policy goes against the agreement and the joint statement between the JCP and CPSU in December, 1984. The joint statement between the two parties correctly regarded the prevention of nuclear war and the elimination of nuclear weapons as "this task as an urgent and vitally important one for humankind, the central task of the anti-nuclear peace movement and of total world politics" and agreed that a "consistent struggle be waged for its accomplishment". We demand that you rectify the error of "new thinking", return to the position of the joint statement and make efforts for it.

The world situation is in turmoil, including the coming unification of East and West Germanys, claiming the dissolution of all military blocs and alliances which are

the major root cause of the arms build-up and the danger of aggression and war. We request you to take an active initiative on this task, too.

As for the situation in Japan, although the falsehood of the "Soviet threat" which is the biggest pretext for continuing and strengthening the Japan-U.S. Security Treaty, the root of the mal-administration, the government and the ruling Liberal Democratic Party, still cling to the Japan-U.S. military alliance, grant privileges and services to the U.S. forces and promote further reinforcement of the nuclear military alliance and the Japan-U.S. joint operation set-up.

The Japanese anti-nuclear peace forces are strictly opposed to support or approval of the Japan-U.S. Security Treaty by any side, and have developed the movement for abrogation of the Japan-U.S. military alliance and for a non-aligned, neutral Japan.

The Japanese Communist Party will hold its 19th congress from July 9 to discuss the domestic and international situation and to decide its policy, aiming at strengthening the party, especially politically and ideologically so as not to be disoriented by any upheaval in the situation.

USSR Likely To Allow Search on Sakhalin

OW0306222390 Tokyo THE JAPAN TIMES in English
1 Jun 90 p 2—FOR OFFICIAL USE ONLY

[Text] The Soviet government will permit a Japanese group to search in Smirnykh, Sakhalin, in late July or early August for the remains of Japanese soldiers killed during World War II, a Soviet source said in Tokyo Friday. It would be the first time Japanese have been allowed to look for soldiers' remains on the Soviet-held island.

'Russian Nationalist Movement' Affects Nation

OW2506145590 Tokyo ASAHI EVENING NEWS
in English 24 Jun 90 p 2—FOR OFFICIAL USE ONLY

["Newscope" column article by Satoshi Takayama, ASAHI SHIMBUN editorial writer: "Russian Nationalist Movement Affects Japan"]

[Text] As if rebelling against the secessionist movement building up in the three Baltic and other peripheral Soviet republics, nationalist sentiments are mounting among the Russians. This tendency of Russian nationalism might perhaps bring about a significant impact not only on the Soviet Union's internal administration but on relations with Japan and other Western capitalist nations as well.

The Russian Soviet Federated Socialist Republic, which accounts for three-fourths of the Soviet Union's national land and more than half its population, has declared itself a sovereign state and chosen as chairman of its parliament Boris Yeltsin, who is portrayed as President Mikhail S. Gorbachev's political archenemy. Yeltsin argues that the constitution and other laws adopted by

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the Russian Republic should take precedence over those of the Soviet Union. Those moves may well be described as reflecting the surge of Russian nationalism.

Viktor Afanasyev, editor of the Communist Party newspaper, PRAVDA, had this to say when I met him several years ago: "The number of letters to the editor about which we are concerned is on the upswing. Russians who are living in the Russian Republic grumble about the dearth of food and hard living and strongly demand the Soviet government make greater efforts to improve the standard of living before it reaches out a helping hand to outlying republics."

Afanasyev was trying to say it was alarming for the Soviet leadership that such discontent was mounting among the Russians. I recall those words of Afanasyev's because Yeltsin said on his visit to Japan early this year, as Afanasyev had done so, that the Russians had fallen in their circumstances simply because they had to help other people.

Yeltsin tends to be brought to the fore as the leading radical figure who prods Gorbachev for his moderate line of reform policy. But another thing that cannot be overlooked is that Yeltsin is very much the Nationalist, acting as a spokesman for Russia's rising nationalism.

It is only natural that a people should attach importance to their tradition and culture and assert for their own position. Historically, nonetheless, a dangerous tendency of exclusionism and chauvinism, which Lenin had once portrayed as a "scandalous, detestable prejudice," lurks in Russian nationalism. Typically reflecting this unsound tendency is the ultrarightist Permyat group, which has flaunted its formidable mobilizing power in the last several years under the banner of anti-Semitism and chauvinism.

The Russian Republic keeps under its control the northern territories, the reversion of which Japan demands. In its declaration of sovereignty, the republic asserts that its territory cannot be altered without its consent. Should the Gorbachev leadership reach some form of accord with Tokyo on the Soviet-occupied territories, the Russian Republic might well veto it.

Leading the Russian Republic, Yeltsin will probably find himself in a delicate position. For he will have to grapple with the dual task of speaking for Russian nationalism and braking any excess on its part.

Soviets Ask for Cooperation in Laying Pipeline

OW0306101790 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 1 Jun 90 Morning Edition p 11
—FOR OFFICIAL USE ONLY

[Text] A senior Liberal Democratic Party [LDP] official disclosed on 31 May that the Soviet Union requested Japan's cooperation in its plan to lay a pipeline between the Soviet Union and Japan for the export of Siberian natural gas. The plan calls for laying some 5,000-km-long pipeline from Chumeny [placename as published] in Western Siberia, where large-scale gasfields are located,

to Japan by way of North Korea (DPRK) and South Korea. The feasibility of the plan is yet unknown since it is so grandiose.

A Soviet "gas mission" is now in Japan at the invitation of a private Japanese enterprise. Davydov and Salmanov, vice ministers of Foreign Economic Relations and Geology respectively, met with former LDP Secretary General Abe on 31 May and conveyed this plan to him. Abe was asked for his cooperation in addressing the plan to the government and private sector.

At the meeting, the Soviet officials explained that basic agreements on laying the pipeline had been reached with South and North Korea. They added that American businesses are also showing a positive posture toward their participation in the plan. Mr. Abe reportedly showed an understanding of the purpose of the plan. Japan, however, has plans to procure natural gas from Indonesia and Malaysia up to the year 2000. There is a slim chance of the Japanese industry switching over to a positive stance toward this project, which requires a huge sum of investment.

Carmakers See USSR as Potentially Big Market

OW1306014890 Tokyo MAINICHI DAILY NEWS
in English 10 Jun 90 p 15—FOR OFFICIAL USE ONLY

[Text] Japan's motor vehicle exports to the Soviet Union quadrupled last year, but the big carmakers say they do not expect a sudden breakthrough into a market where local production falls millions short of pent-up demand.

The main barrier is that the Soviet ruble is not convertible into other currencies, and other problems include infrastructure matters such as lack of repair facilities, poor coordination among auto-related industries and outdated factories in the Soviet Union.

Nonetheless, 10 Japanese automakers participated in a seven-day Japan auto industry exhibition in Moscow in April. It was the first industrial fair held solely by Japanese companies in the Soviet Union, said Takashi Murakami, an official of the Japan Association for Trade with the Soviet Union and Socialist Countries of Europe.

Although prospects seem poor now, the Soviet market offers a powerful lure. Demand is estimated at 4 million cars a year, but only 1.2 million are produced. Soviet citizens wait several years just to get on a list to buy a car and then have to wait another year to take delivery.

Last year Japan exported 4,561 motor vehicles to the Soviet Union, up from 1,313 in 1988, according to the Japan Automobile Manufacturers Association. Of the 1989 total, more than 90 percent were buses and trucks.

Murakami said Japan's vehicle exports will remain in the range of 4,000 to 5,000 a year because Soviet officials are giving higher priority to other consumer goods such as food and clothing.

An official at Toyota, Japan's biggest automaker, said the company exported 2,541 vehicles including 409 passenger cars to the Soviet Union in 1989.

Toyota participated in the Moscow industry exhibition in April, but did not make a specific deal, he said, speaking on condition of anonymity.

Mazda Motor Corp., Japan's fourth largest automaker, recently said it will export its first cars to the Soviet Union—210 Mazda 323s, destined for a Soviet timber complex in Ilmsk in Siberia.

Nissan Motor Corp., the No. 2 automaker, expects no sudden surge in the near future, but in the long run demand could be strong, said an official who spoke on condition of anonymity.

Though the distant future may be promising, Japan's vehicle exports to the Soviet Union are dwarfed by shipments to the United States, which took 2.43 million units last year.

Mitsui and Co., a big trading company which participated in the Moscow industry exhibition, expects auto exports to increase gradually along with the introduction of a market economy in the Soviet Union, said a Mitsui official who spoke on condition of anonymity. "It will be years before a (Soviet) individual will be able to buy a new foreign car though many want one now," said the Mitsui official.

Soviets Ask Help in Air Conditioner Production

OW2506140090 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Jun 90 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Text] The Soviet Union is asking Diesel Kiki Company Limited and Sanden Corporation, major Japanese car air conditioner manufacturers, to cooperate in its domestic production of car airconditioners. The Soviet Union plans to produce about 200,000 air conditioner units a year, and install them in export cars. The country is hoping to increase added values for the cars, thus earning additional foreign exchange the country badly needs.

Although the Soviet Union wants the apparatuses to be locally produced under joint venture arrangements, the two Japanese firms are looking into possibilities for a form of cooperation under which the firms will provide only technical assistance and plant facilities. Both companies will carry on with negotiations until late this month, when the Soviet Union will choose one from the two for conclusion of a contract.

Volga Automobile Enterprise (VAZ, with its office in Togliatti), the Soviet Union's largest automobile factory, is the party seeking Japan's cooperation. Three VAZ staffers, led by the director of a VAZ laboratory, are now visiting Japan for a schedule up to 29 June, negotiating with the Japanese companies regarding domestic production of the apparatuses.

Both Diesel Kiki and Sanden have already presented estimates of plant facilities to the Soviet side. Diesel

Kiki's estimate is for annual production of 200,000 units, and Sanden's is for annual production of 100,000 to 200,000 units. Both firms say that investment costs will run to billions of yen.

VAZ will produce car air conditioners at its factory in Togliatti, and install them on the 1993 model of the compact car "Lada" (1,700cc class in piston displacement). Cars equipped with air conditioners will be exported to the Middle East, North Africa and South Europe. Locally produced air conditioners may also be used on large-sized combine harvesters made by Rostselmash (with its office in Rostov), a tractor manufacturing corporation in the Ukrainian Soviet Socialist Republic.

The Soviet Union has been using car air conditioners imported from Diesel Kiki on its Rostselmash combines for about five years. Sanden began supplying its products for use on VAZ export cars this year.

According to Japan Automobile Manufacturers Association, Incorporated (chairman: Yutaka Kume, president of Nissan Motor Corporation, Limited), the Soviet Union's automobile output in 1988 was 1,262,000 units. Among these, 340,731 units or about one-fourth of the total output, were produced for export. The Soviet Union under the Gorbachev government in April 1987 put into force measures to strengthen its export competitiveness. The measures include more discretionary power for the management of automobile manufacturing enterprises.

Other Countries

Communist Party Statement on No-Gorbachev Talks

OW0506152790 Tokyo JPS in English 0944 GMT 5 Jun 90—FOR OFFICIAL USE ONLY

[Text] Tokyo Jun 5 JPS—Hiroshi Tachiki, chairman of the International Commission of the Japanese Communist Party [JCP], issued a statement on June 5 on the talks between South Korean President No Tae-u and Soviet President Mikhail S. Gorbachev in San Francisco, U.S.A. The statement follows:

1. The San Francisco talks between South Korean President No Tae-u and Soviet President Mikhail S. Gorbachev have marked a step towards the establishment of diplomatic relations between the two states.

Under the circumstances that there exist two divided states, North and South, in Korea, the Japanese Communist Party has followed the position that it is realistic for each of the states, North and South, to establish diplomatic relations with world countries, based on the five principles of peace, irrespective of social system. From this standpoint, it is natural for the ROK and the Soviet Union to establish diplomatic relations.

2. Needless to say, recognition of each of the divided states should not be used to rationalize the perpetuation of the division.

For the sake of peace and security of the Asia-Pacific region, the JCP strongly hopes that the cause of the Korean people for independent and peaceful reunification of Korea will advance.

Article Reviews Reaction to No-Gorbachev Talks

OW0706143690 Tokyo ASAHI EVENING NEWS
in English 6 Jun 90 p 1—FOR OFFICIAL USE ONLY

[Text] Japan hailed on Tuesday the historic meeting between South Korean President No Tae-u and Soviet President Mikhail Gorbachev as "the first step toward" detente in Asia. Prime Minister Toshiki Kaifu said the unprecedented meeting between the two leaders in San Francisco had contributed to reducing regional cold war tensions. "It shows that the equation for East-West confrontation on the Korean peninsula had changed," he told a Budget Committee session at the House of Councillors.

No and Gorbachev, in the first meeting ever between leaders of the two countries, agreed on Monday to normalize relations.

Top government spokesman Misoji Sakamoto said the meeting signaled that the shift from cold war to detente in Europe was finally affecting Asia. Reading a statement prepared by the Foreign Ministry, the chief Cabinet secretary said Japan is seeking ways to improve Japan's relations with North Korea and the Soviet Union. Sakamoto said Japan and the Soviet Union should turn Gorbachev's planned visit to Japan next year into a historic event that would lead to normalized relations.

As an immediate step, the Foreign Ministry plans to dispatch officials to the United States, the Soviet Union, China and South Korea to discuss how to avoid the isolation of North Korea. New policy options under consideration include joining the United States to establish diplomatic ties with North Korea in return for diplomatic recognition on South Korea by China and the Soviet Union.

The Foreign Ministry officials were to be dispatched after Kim Chong-hwi, No's adviser for national security and foreign affairs, and Igor Rogachev, Soviet deputy foreign minister, arrive here to brief Tokyo on the talks.

Opposition parties also welcomed the No-Gorbachev agreement, which laid the groundwork for expanded economic as well as for formal diplomatic relations. Tsuruo Yamaguchi, secretary general of the Japan Socialist Party (JSP), asked the Japanese Government to revise its basic foreign relations policies which it says are based on cold war strategies. The JSP said it planned to inform the Korean Workers Party of its demand to improve relations between Tokyo and Pyongyang. The two parties have close ties, and recently the JSP has served as a bridge in seeking to boost contacts between Pyongyang and the Japanese Government.

The surprise summit, announced less than a week before it took place, was at least the second time Seoul has taken the initiative in improving relations with Moscow.

During a period of detente in the 1970's South Korea made a similar approach to the Soviet Union, but it was rebuffed largely due to protests by Pyongyang, scholars say.

The Soviet Union has close ties with North Korea, and prior to Monday's meeting Pyongyang warned that it considers the summit to be "a serious political issue" that would make permanent the division of Korea.

Editorial Views Relations Between Koreans

OW0706153390 Tokyo ASAHI EVENING NEWS
in English 6 Jun 90 p 6—FOR OFFICIAL USE ONLY

[ASAHI SHIMBUN 6 June editorial: "Asia on Thin, Melting Ice"]

[Text] The cold war has begun to thaw in Asia. That was our impression when we saw Soviet President Mikhail S. Gorbachev shaking hands with his South Korean counterpart, Not Tae-u. South Korea and the Soviet Union have agreed, in principle, to establish diplomatic ties, and both leaders have reached accord on reciprocal visits. We heartily welcome these developments, which indeed are epochal.

This may sound a bit contradictory, but we recall that British Prime Minister Margaret Thatcher was warned that the most dangerous time is when the ice begins to melt.

A more isolated North Korea might add to the instability of Northeast Asia. Reports are that Pyongyang might counteract and replace its ambassador in Moscow with a lower ranking diplomat. That measure might be taken as designed to ward off possible domestic unrest. But the measures which could be taken by Pyongyang against the Soviet Union are limited in light of its economy and the arms offered to it. It will not be of benefit to North Korea that it continues to close its doors, turning its back on a world which is moving toward interdependence.

Now is the time for North Korea to sit at the conference table with South Korea and its neighboring countries.

For a country which has worked for its stability with control over information, a single misstep in responding to calls for dialogue and openness might be enough to endanger the very foundation of its regime. Steering at this time is really something difficult for anybody, but we believe there is no reason why the way cannot be paved for North Korea, once a determination is made by President Kim Il-song himself, who has consistently led the nation since its founding.

It is most important for South Korea and its neighboring countries to help North Korea move in this direction.

It is necessary that North Korea's allies, the Soviet Union and China, should assure their approaches to South Korea are not an attempt to abandon the North. Japan and the United States, too, should spare no effort to normalize relations with North Korea and should give unstinting cooperation to North Korea in its economic reconstruction. Naturally, close attention must be paid

so that those moves may not lead to a fall of the North Korean leadership's authority.

It is to be noted that Pyongyang returned the ashes of American servicemen in the Korean war and proposed disarmament when a summit was to be held between South Korea and the Soviet Union. Those moves might signal Pyongyang's readiness to seek dialogue because of its awareness that rapprochement between South Korea and the Soviet Union can no longer be halted.

Many of the ingredients in North Korea's disarmament proposal are what they have repeatedly propounded in the past. Nonetheless, the meaning of the proposal, studied though it is with the same old words, will take on a different character should power relations between the North and South Korea and the climate which encloses the Korean Peninsula be changed. Various disarmament proposals and counterproposals have been made at talks between the two countries, but none of them have borne fruit.

It still is fresh in the memory of South Koreans that their country was attacked by surprise in the Korean war, and they have hardly managed to believe what Pyongyang has to say about disarmament. On the part of North Korea, there have been conspicuous signs that it tries to repel Seoul's signals for exchanges in areas, such as the economic sector, where they can be accumulated, and to wrest away the initiative.

No has come to have so much confidence in his approach to Pyongyang as to tell Gorbachev that Seoul has no intention of having a military advantage over Pyongyang.

Talking of the withdrawal of U.S. forces from South Korea, which was proposed by Pyongyang, there has emerged common ground in light of the present situation where Washington is pulling troops out of South Korea. More than anything else, now that Seoul itself has succeeded in forming ties with Moscow without signaling Pyongyang beforehand—though it was cautious about the possibility of Pyongyang doing so with Washington without signaling it beforehand—a possible rapprochement between Washington and Pyongyang would be something which had to be welcomed as a step toward the easing of tensions.

The arms race between Seoul and Pyongyang has worked to the relative advantage of South Korea with heavier burdens on North Korea, the economy of which is smaller in scale. The time has come not only on the fronts of Europe but in Northeast Asia as well to go beyond that sort of philosophy which prevailed in the cold war years, something which could also be said of the erstwhile American strategy toward the Soviet Union.

ROK-USSR Summit Talks Said To Upstage Nation
OW0906132690 Tokyo THE DAILY YOMIURI
in English 8 Jun 90 p 8—FOR OFFICIAL USE ONLY

["Behind the Scenes" column by Minoru Hirano: "No's Coup Upstages Japan"]

[Text] Vice Foreign Minister Takakazu Kuriyama said recently that Japan should shed its passive foreign policy and begin to act more like a major world power. Hardly had he uttered these words when this country was upstaged by the San Francisco meeting between Soviet President Mikhail Gorbachev and South Korean President No Tae-u.

The Foreign Ministry, instead of muttering about big power politics, should reshape itself to operate in a world which has become more turbulent and unpredictable.

No, during his recent meeting with Prime Minister Toshiki Kaifu, made no mention of his plan to meet with Gorbachev. No's visit to Japan proved to be a preliminary to the Gorbachev-No talks and Japan seems to have been used as a stepping stone. The government could not conceal its chagrin, though in public it welcomed the Gorbachev-No talks, saying that South Korean moves to forge good relations with the Soviet Union would contribute to the easing of tensions on the Korean peninsula.

Japan was not informed of the talks beforehand, by either South Korea or the United States. It was a humiliating experience for Foreign Ministry bureaucrats, who have long worked with both nations to arrange a cross-recognition formula.

Regrettably for the Foreign Ministry, the San Francisco summit eclipsed the Tokyo talks for peace in Cambodia, which the ministry had taken pains to arrange. The Foreign Ministry had wanted to publicize Japan's role as a peacemaker by inviting Cambodian resistance leader Prince Norodom Sihanouk and Prime Minister Hun Sen of the Vietnam-backed Phnom Penh government to Tokyo, where they could, hopefully work out a peace settlement.

Until recently, Japan's role was limited to providing aid to Cambodia, such as supporting an international watchdog mission to be set up after a cease-fire in Cambodia and providing funds for postwar rehabilitation.

The Foreign Ministry thought that if Tokyo played host to a set of peace talks, it would become impossible to reach a Cambodian settlement without Japanese participation. But the Gorbachev-No talks changed the whole situation. In order to compete with the San Francisco talks, the Foreign Ministry was compelled to make desperate efforts to obtain tangible progress for a cease-fire in Cambodia. However, the cease-fire agreement without the participation of the Pol Pot group raises doubts about its effectiveness.

Regarding the Soviet Union, the Foreign Ministry did not initiate any new diplomatic efforts in the belief that Gorbachev's new foreign policy did not extend to Asia. No, however, approached the Soviet Union to break the stalemate on the Korean peninsula, and Gorbachev responded. Many people are now beginning to think that Japan will be left far, far behind the rapid changes in the world if the task of formulating its foreign policy is left up to the Foreign Ministry.

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Japanese politicians have already indicated their lack of confidence in the ministry. Former Deputy Prime Minister Shin Kanemaru, disregarding Foreign Ministry opinion, recently proposed that the return of Habomai and Shikotan would be an acceptable first step toward settlement of the territorial dispute with the Soviet Union. Another influential politician, Liberal Democratic Party Secretary General Ichiro Ozawa, has criticized the Foreign Ministry's cautious policy toward the Soviet Union and said he plans to make diplomatic initiatives toward that country.

No reportedly instructed a secret emissary in early April to arrange a meeting with Gorbachev. He kept the South Korean Foreign Ministry uninformed of the move. U.S. President George Bush reaffirmed his support for Gorbachev's perestroika at the recent U.S.-Soviet summit, overriding domestic criticism. Likewise, Japan should restructure its foreign policy into one based on strong leadership and determination.

Cross Recognition of Koreas 'Matter of Time'

OW2506182390 Tokyo THE DAILY YOMIURI
in English 24 Jun 90 p 3—FOR OFFICIAL USE
ONLY

[By Edward Neilan, special to the DAILY YOMIURI]

[Text] The controversial concept of diplomatic cross-recognition on the Korean Peninsula, given fresh impetus by the Mikhail Gorbachev-No Tae-u summit in San Francisco, was moved a couple of steps forward but at least one step backward by events in Asia during the past two weeks. Analysts here say it is only a matter of time before the concept, whereby China and the Soviet Union extend diplomatic recognition to South Korea while the United States and Japan recognize North Korea, becomes a reality.

But hopes about progress toward settlement of Korean Peninsula issues are raised and dashed with regularity. The United States came to South Korea's aid when North Korea invaded the South with Soviet approval 30 years ago next Monday, on June 25, 1950. The war is regarded as the battlefield version or archetype of the Cold War, with East and West taking hardened positions that have only recently cracked in dramatic fashion.

As an example, Boris Slavinskiy writing in the June 5-11 issue of New Times from Moscow noted that all parties but one have revealed Korean War casualties: "No figures on Soviet losses have been published. From literary sources, including memoirs, it is known that Soviet people—advisers, communications experts, medical staff, and diplomats—also lost their lives. The time has come to make all this public knowledge."

Officials in Washington have been less sanguine on the cross-recognition issue, but their reticence to discuss it may camouflage backstairs negotiations.

U.S. Ambassador to Japan Michael Armacost told Japan Socialist Party Chairwoman Takako Doi on June 14 that improving relations with North Korea is a matter of

"high priority" for the United States. He said Pyongyang was changing its attitude and that it is important that the United States provide incentives to North Korea. The envoy made the remarks after confirming reports that U.S. officials had another meeting with North Korean officials June 18 in Beijing.

On June 14, Japanese Foreign Minister Taro Nakayama said in Diet testimony that Japan has sent a letter to North Korea via China calling for improvement in bilateral ties.

The positive remarks by Armacost plus the United States-North Korea meeting in Beijing and the revelation by Nakayama on Japan seeking better ties with the North were seen by analysts as forward steps in the cross-recognition process accelerated by the Gorbachev-No meeting. They see the 1991 visit of Gorbachev to Japan as heralding even more emphasis and action on Asian issues.

Even the one negative development last week may yet turn out to be positive, diplomatic specialists said. That was the abrupt June 14 postponement by North Korea of resumed dialogue with the South. Citing the meeting between Gorbachev and No in San Francisco June 4, North Korea said the event "delivered a great disappointment to the people desiring unification."

But analysts noted that North Korea characteristically has called off meetings with the South when it feels at a disadvantage or when it is formulating new policies or tactics. Conversely, Pyongyang agrees to more talks when it feels it has a momentary upper hand or something new to present.

The cross-recognition concept is variously attributed to former U.S. Secretary of State Henry Kissinger, Japanese diplomats and other analysts. So far, North Korea has won the backing of China in denouncing the idea officially.

But the reality is that the Soviet Union and China have economic cross-recognition with South Korea and the diplomatic variety is blocked only by North Korea's attitude, which could change. Trade between China and South Korea, for example, totaled \$3.1 billion in 1989, far exceeding Beijing's trade with North Korea of \$562 million, according to South Korean and Chinese figures.

One of the incentives which Armacost was talking about could be the establishment of a U.S. Liaison Office in Pyongyang. Officially denied in Washington, the question is winked at by U.S. officials in Tokyo and Seoul. But private specialists say only a few wrinkles remain before it could become a reality.

North Korea has already given tentative approval to the move, in which Pyongyang would simultaneously open a liaison office in Washington, to be staffed by diplomats from its observer mission at the United Nations, said Professor Young C. Kim, of George Washington University in the U.S. capital. He recently talked to North Korean officials in Beijing on the issue before visiting Tokyo.

Western diplomats in Tokyo confirmed that consultation on the liaison office idea also is going on between the United States and South Korea, which wants to make sure that neither the United States nor Japan gets a jump in settlement of the Korean issue. An array of issues needs to be settled before such an office could be set up, but analysts noted that some progress is being achieved.

Western diplomatic sources here say that one of Washington's preconditions is that North Korea agree to nuclear inspections. South Korean newspapers recently have quoted an official of the International Atomic Energy Agency as saying North Korea may be ready to sign a nuclear safeguards agreement by North Korea to return more remains of U.S. Korean War dead in addition to the five handed over at Panmunjom on Memorial Day, May 28.

Still other conditions were said to be cessation of harsh propaganda attacks on the United States and participation in North-South talks.

Reports that Moscow has reduced oil supplies to Pyongyang while preparing to upgrade diplomatic ties with South Korea (why else would South Korea's foreign minister be preparing to visit Moscow?) and reports of further Seoul-Beijing unofficial contact add fuel to the cross-recognition prospectus.

Results of Mediation for Cambodian Peace Viewed

*OW0706104990 Tokyo THE JAPAN TIMES in English
6 Jun 90 p 1—FOR OFFICIAL USE ONLY*

["Analysis" column by staff writer Toshio Jo: "Talks Provide 'Framework' for Cambodian Peace"]

[Text] Japan has helped develop a "framework" for Cambodian peace by playing host to the just-concluded talks between Prime Minister Hun Sen of the Vietnam-backed Phnom Penh government and Prince Norodom Sihanouk, who leads a tripartite resistance coalition, Foreign Ministry officials said Tuesday night. "It was an attempt to make concrete contributions to promoting peace in the world," an official said after the two Cambodian leaders signed a joint communique.

The Tokyo meeting was arranged by Japan but was initiated by Thailand, which is a "battle front nation" with an estimated 300,000 Cambodian refugees, the official said.

Thai Premier Chatchai Chunchawan advocates a policy of changing Indochina from a battlefield to a marketplace. However, some observers said Thailand's ambition is to realize economic gains by facilitating an end to Cambodia's 11-year civil war.

With Japan hoping to become a more meaningful political player in the international community, the two countries were able to work together to help resolve the Cambodian conflict, observers said. But how the peace process will develop in the future still remains uncertain. The Khmer Rouge, the strongest faction within the resistance coalition, did not join in signing the joint communique.

Officials admitted that the communique reflects a political commitment but does not have binding force.

Ministry officials refrained from commenting on how Japan worked behind the scenes to have the two Cambodian leaders sign the communique. The document was the result of a joint effort by Cambodia, Thailand, and Japan, the officials said.

Japan hopes the communique will serve as a bridge to forthcoming UN talks on Cambodia scheduled for July and a subsequent meeting of the Paris International Conference on Cambodia, according to government officials.

Even though the Khmer Rouge did not join in signing the communique, the document is expected to have a "political effect" on the faction, they said, adding that the Foreign Ministry will closely watch developments in Cambodia from that perspective.

At the same time, they noted that Japan is engaged in close contact with China on the Cambodian issue. Some observers pointed out that China, which is the Khmer Rouge's main supporter, may be offended by the Tokyo communique.

The officials did not comment on China's role in the two-day talks, during which the Khmer Rouge representative never sat at the negotiating table.

Foreign Minister Taro Nakayama said Japan will continue working toward a comprehensive settlement of the Cambodian conflict. However, one official who helped prepare the Tokyo peace talks said he does not know if the government will host a second meeting on Cambodia.

Attention will now shift to the process of creating the Supreme National Council and to UN involvement in resolving the dispute.

Japan, for its part, has already expressed a readiness to provide financial assistance as Cambodia works to rehabilitate the war-damaged nation.

How Japan will take part in the UN's peace-keeping operations will also generate domestic debate. So far, constitutional constraints have limited Japan to sending only civilians on such missions.

Charge d'Affaires to Cambodia on Tokyo Talks

*OW0906200790 Tokyo TOKYO SHIMBUN
in Japanese 7 Jun 90 Morning Edition p 2
—FOR OFFICIAL USE ONLY*

[Interview with Tadashi Ikeda, Japanese Charge d'Affaires to Cambodia who is home temporarily for the Tokyo Conference on Cambodian peace, by TOKYO SHIMBUN at the Foreign Ministry on 6 June]

[Text] [TOKYO SHIMBUN] In what sense, do you think the Tokyo conference has achieved results?

[Ikeda] We can cite the results in three aspects: The first concerns peace in Cambodia. Because Prince Sihanouk of the Cambodian National Government and Premier Hun Sen of the Heng Samrin regime reached accords on exercising self-restraint on the use of arms and on creating the supreme national council (SNC), the basic course for peace has been mapped out and results can stand evaluation by the international community.

The second concerns Japanese diplomacy. The fundamentals of Japanese diplomacy lie in contributing to the world. In hosting the Tokyo talks, Japan has engaged in diplomatic activities conforming to these fundamentals. A new sphere has been opened up for Japanese diplomacy.

The third concerns the relations between Japan and Thailand. The Tokyo conference was organized through joint efforts between Japan and Thailand. The Japan-Thailand relationship formerly concentrated on the economic field. However, the Tokyo conference has become a model case for expanding cooperative relations through mutual trust.

[TOKYO SHIMBUN] To the last, the Pol Pot faction did not show up at the conference. They did not attend it because "their right for representation was not confirmed." Was there any prior understanding between Prince Sihanouk and Vice President Khieu Samphan that the Tokyo talks would have ended up as talks between Prince Sihanouk and Premier Hun Sen?

[Ikeda] Vice President Samphan came to Japan at Prince Sihanouk's request. However, I do not think they have reached any accord on "turning Tokyo talks into two-party talks." There are indications that they came to Tokyo without such an accord.

[TOKYO SHIMBUN] As the Pol Pot faction failed to attend the conference, doubts have been aroused about practical effects of the Tokyo agreement. What are your thoughts?

[Ikeda] It is true that the Pol Pot faction has not made any commitment to the agreement. However, Japan is calling on the Pol Pot faction to accept the details of the document. Deputy Vice Minister for Foreign Affairs Owada relayed this message to Vice President Samphan on the morning of 5 June. In this sense, the door is open for the Pol Pot faction to join. Moreover, the Pol Pot faction disclosed in its statement issued on the evening of 5 June that they would attend the conference of the five permanent member nations of the UN Security Council scheduled for mid-July in Paris. It is possible for the Pol Pot faction to join in the accord even at a later time.

[TOKYO SHIMBUN] What will be the main points of Japan's future efforts?

[Ikeda] Whatever efforts made at present toward achieving peace should be done within the framework of the Paris international conference. Therefore, it is

important to create conditions for resuming this international conference at an earlier date. In this connection, Japan should approach those concerned on three levels: the parties concerned in Cambodia; China and Vietnam, which are behind them; and the international framework including the United Nations.

Outcome of Tokyo Conference on Cambodia Viewed

*OW0906041090 Tokyo ASAHI EVENING NEWS
in English 7 Jun 90 p 6—FOR OFFICIAL USE ONLY*

[7 June editorial: "Take the Next Step"]

[Text] The first international peace talks hosted by Japan have just closed in Tokyo. The talks concerned Cambodia, but with the Pol Pot faction—the strongest of the country's guerrilla armies—boycotting the talks not everything went entirely well.

In July, the five permanent member nations of the United Nations Security Council are scheduled to meet with Cambodian leaders, and moves are being made to reopen the Paris peace talks. It can be said that the talks in Tokyo at least served to heighten interest in continued peace negotiations. Further, the Tokyo talks embodied the government's intention to actively involve itself in the actual staging of cease-fire negotiations. We welcome this as a new development in Japanese diplomacy.

Last summer Japan participated in the Paris talks for the first time. The Tokyo talks were a step forward for Japan, in that it extended invitations to the leaders of Cambodia's four warring factions and played host to those who came.

The strife in Cambodia has remained deadlocked for 11 years now and there exists an intricate mesh of conflicting interests, not only among the factions involved but also among the countries that support them. This means that whoever hosts Cambodian peace talks must possess wide personal contacts and extensive experience as a negotiator. We do not think Japan was fully qualified this time.

It is understood that Thailand, eyeing Japan's economic power for the economic rehabilitation of Indochina, persuaded the Japanese Government into hosting the talks. After all, when one thinks about stability in Asia, it is expected of Japan to play a peacemaker role.

The negotiations were not without obstacles. But Prince Norodom Sihanouk, who represents a three-party guerrilla coalition, signed a joint communique and attached papers together with Prime Minister Hun Sen of the Vietnamese-backed Heng Samrin government. The two leaders not only confirmed their intention for a cease-fire, they also agreed to convene a supreme national council, the symbol of Cambodia's sovereignty, by the end of July. Both parties will have the same number of representatives at this council session and together will elect a chairman.

But because both Sihanouk and Hun Sen signed the documents in their personal capacities rather than as

faction leaders, and because the Khmer Rouge boycotted the talks, it is possible that the truce agreement may end up as just a piece of paper. However, peace efforts usually must be repeated to bear fruit. It is significant that the two leaders at least reached an agreement on the specific composition of the council and the timing of its creation; before, they had merely decided to create this national assembly and not worked out any specific details.

The Pol Pot faction is bitterly opposed to the Sihanouk-Hun Sen agreement. In planning the Tokyo talks, the Japanese Government had said that "any solution reached in the absence of the Pol Pot faction would be unrealistic." In this sense, the government is now stuck with rather difficult homework.

The only party capable of negotiating with the Khmer Rouge is believed to be China, which has been arming it and generally acted as an ally. In this light it is worth noting that a ranking Chinese diplomat will shortly visit Hanoi for the first time in quite a while. There is no question that China and Vietnam hold keys to the settlement of the Cambodian strife, and a Sino-Vietnamese rapprochement would certainly have a major effect on peace efforts. To advance beyond the step taken forward with the Tokyo talks, the next major task of the Japanese Government would be to approach China and Vietnam.

Political Affairs

Consumption Tax Issue Rears 'Ugly Head' Again

OW2506134090 Tokyo THE DAILY YOMIURI
in English 24 Jun 90 p 1—FOR OFFICIAL USE
ONLY

["Economic Forum" article by Yoshio Matsui, YOMIURI SHIMBUN economic editor: "Consumption tax still rearing head"]

[Text] The consumption tax issue reared its ugly head once again as a center of controversy between the ruling and opposition parties during the current Diet session, which closes Tuesday. Unlike the preelection fight, however, the controversy has lost much of its showdown aura, with both the Liberal Democratic Party and the opposition camp now searching for common ground.

Even though the government's consumption tax revision bill was passed by a plenary session of the House of Representatives Friday and immediately sent to the House of Councilors, and even while the same lower house session voted down a package of four bills submitted by the opposition to abolish the tax, the government's bill will eventually be scrapped because passage within the time limit is impossible.

If the opposition parties continue to stubbornly insist on the abolition of the 3 percent consumption tax, however, progress in the present negotiations to revise the tax will be impossible, leaving the consumption tax intact without any modification.

The folly of their demand for the abolition of the tax seems to have finally dawned on the opposition parties. After the government's tax revision bill is discarded due to incomplete deliberations, the opposition will probably agree to the LDP's proposal to set up a new deliberative body in the Diet to discuss modifying the tax.

When the deliberative body opens for debate the Japan Socialist Party will in all likelihood argue for the revival of indirect taxes on individual commodities to replace the uniform indirect tax of the present consumption tax, which is imposed at each stage of distribution.

Their proposal, however, ignores the difficulties of deciding on which goods to be taxed and how to cope with differences in taxed articles. Moreover, it would be hard to decide how to tax services under such a system.

Other opposition parties may demand that the number of tax-exempted goods and services be increased under a rewritten consumption tax. However, this change is inadvisable as well because it would complicate the entire tax system and make calculation of tax amounts troublesome.

If such an increase is indeed necessary, then new tax-exempt status should be limited to items such as the costs of childbirth, cremation charges and school entrance fees, just as the LDP proposed earlier.

The LDP's revision bill now on the floor includes a provision to exempt food from the tax at the retail level, but neither is this revision a wise policy. It, too, would only make the consumption tax more complicated, considering that the 3 percent tax would have still been imposed at all other stages of the distribution system.

In the forthcoming negotiations over modification of the consumption tax, the ruling and opposition parties should not try to slip in these kinds of cheap tricks to appease the public, but instead should strive to construct a simple tax system. If they really feel it necessary to protect consumers and the underprivileged, then along with a revised consumption tax they should enact a reduction in income taxes and an increase in the welfare budget.

The new Diet deliberative body will also have to review two systems in the consumption tax that have been controversial since it was implemented in April 1989—simplified tax payment procedure and tax exemption for businessmen with smaller incomes.

Presently, companies or businessmen with annual sales of Y500 million or less can choose the simplified tax payment system, and those with annual sales of Y30 million or less are totally exempt from the consumption tax. The simplified tax payment system unfairly favors businessmen in some service industries.

If abolition of the two systems proves difficult, then at least the upper limits, now much too high, must be lowered.

The new Diet deliberative body must respond to constructive criticism of the present consumption tax system.

Hopefully, by carefully planning a desirable tax system for the future and one with a reasonable ratio of direct to indirect taxes, the ruling and opposition parties will work out a constructive revision of the consumption tax.

Abe Seeks To Boost Image With Foreign Visits

OW0706064690 Tokyo YOMIURI SHIMBUN in Japanese 4 Jun 90 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] Shintaro Abe, former general secretary of the Liberal Democratic Party [LDP], has started taking positive moves in "his speciality, diplomacy" (according to close associates). He will visit the United States in late June to attend activities marking the 30th anniversary of the Japan-U.S. Security Treaty. He plans to visit the USSR in late September to attend the Japan Culture Festival in Moscow. Meanwhile, he has started to advocate the "Sea of Japan Rim Concept" [SJRC] to promote Japan-USSR relations. He apparently seeks to dispel concerns about his health as well as to keep alive hopes for the post-Kaifu premiership by reappearing his image as "Abe, the expert in diplomacy."

He will visit the United States as the government's special envoy to attend the Washington ceremony marking the 30th anniversary of the Japan-U.S. Security Treaty. On the basis of his cherished view that "development of Japan-USSR relations should be based on friendly relations between Japan and the United States," Mr. Abe hopes to have a frank exchange of views with President Bush on relations between Japan and the Soviet Union, between Japan and the United States, and also between the United States and the Soviet Union. He is scheduled to leave on 19 June and return on 27 June.

Mr. Abe's Soviet visit is part of the eight-point proposal for promoting Japan-USSR relations which he made during his Soviet visit last January. He will attend the Japan Culture Festival which is scheduled to open in Moscow on 22 September. He will also make an "interim evaluation" of his eight-point proposal. Of course, he also hopes to meet with President Gorbachev.

He also has an invitation to visit Iran as well as various Southeast Asian countries.

Meanwhile, Mr. Abe has been advocating the "SJRC" in his various speeches. The concept aims to promote economic exchanges among Japan, the Soviet Union, the ROK, and the PRC—the nations on the rim of the Sea of Japan—so as to "activate the development of coastal areas around the Sea of Japan where development has fallen behind." The concept is an expansion of his eight-point proposal, and it is seen as a plan to create the conditions for effecting a breakthrough on the northern territories issue.

At a general meeting of Abe faction secretaries on 14 May, Mr. Abe declared "his good health" showing off his

tanned face after a long vacation playing golf in Hawaii. He said: "I have lost a little weight but my health is good in all aspects."

Since Prime Minister Kaifu has won high marks in public opinion polls and has successfully handled Japan-U.S. structural impediments initiative talks, "he seems to be secure in his post for now" (according to a leading executive of the Abe faction). Under such circumstances, there is no denying he is anxious to show people at home and abroad that his is alive and well and desires political power. Thus he is playing an active role in diplomacy, his specialty.

Official Predicts Kaifu To Step Down in Oct

OW0606143290 Tokyo ASAHI SHIMBUN in Japanese 5 Jun 90 Morning Edition p 2 —FOR OFFICIAL USE ONLY

[Text] Toshio Yamaguchi, secretary general of the Watanabe faction of the ruling Liberal Democratic Party [LDP], gave a lecture on the prospect of the political situation in Tokyo on the afternoon of 4 June. In the lecture, the LDP official said: "Prime Minister Kaifu will lead politics until next October, when his tenure (as the president of the LDP) expires and a presidential election is held. Even if the electoral system reform is settled, he will turn over the government 'when his tenure expires,' and the final settlement of the reform will be sought by a new government." Thus, he expressed his view that although his faction would back up the Kaifu government until next October when Kaifu's tenure as the LDP president expires, Prime Minister Kaifu should step down at that time.

Regarding potential candidates to succeed Prime Minister Kaifu, Mr. Yamaguchi cited names of Shintaro Abe, Noboru Takeshita, Michio Watanabe and Shin Kanemaru of the LDP. In this connection, he also added: "In order to survive in the flow of generation shifts, they should increase the number of their backers and openly compete with one another in the presidential election. If they do not display their leadership through competition, there will be a possibility of power going from the hands of politicians born during the Daisho era [from 1912 to 1926] straight to the hands of politicians born after 1935 during the Showa era [from 1926 to 1989]." Thus, he expressed his view that if Messrs Abe and Watanabe want to take power, there is no way for them to do this except by competing with each other in the presidential election.

DSP Leader's Moves Toward LDP Criticized

OW2506121190 Tokyo THE DAILY YOMIURI in English 23 Jun 90 p 3—FOR OFFICIAL USE ONLY

["Political Beat" column by Hitoshi Matsumoto: "Ouchi Hustles LDP To Regain DSP Power Lost in Elections"]

[Text] The Nagatacho district has lately been rife with speculation over the motives behind Democratic Socialist Party [DSP] Chairman Keigo Ouchi's sudden approaches toward power brokers of the ruling Liberal Democratic Party [LDP]. In one week, Ouchi met with former LDP Secretary General Shintaro Abe, LDP General Council Chairman Takeo Nishioka and former deputy Prime Minister Shin Kanemaru. He is also expected to talk with former Finance Minister Kiichi Miyazawa shortly.

"Everyone knows that Ouchi is a publicity-seeker, but this time, he seems to have 'special plots' up his sleeve," a member of the Japan Socialist Party said.

Setbacks the DSP suffered in the House of Councillors election last July and in the House of Representatives election in February constitute the largest crisis the party has faced since its inception. "The party may be dissolved any time now," a DSP senior official has said.

Ouchi was seen as the party's last resort to weather the crisis. He replaced former DSP Chairman Eiichi Nagasue, who resigned after taking responsibility for the party's poor showing in February.

In a display of originality, Ouchi announced in his inauguration speech a plan to rename the DSP as the Democratic Party. He also openly supported Prime Minister Toshiki Kaifu's proposal to remove the Diet from Tokyo in an effort to reduce the concentration of corporate and government entities in the capital.

An aide close to Ouchi said the DSP leader has frequently commented in recent weeks, "Once you decide to do something, you should do it in a way to catch the public and media attention." Political analysts say that his recent meetings with the LDP power brokers are certainly a part of a new campaign to boost his personal image.

According to some LDP members, Ouchi is determined to play a leading role in reshaping Japan's political scene, and is trying to mend fences with the LDP before Komeito improves its ties with the ruling party.

Until now, Abe was the only pipeline Ouchi had with the LDP. Abe's frail health, however, has forced Ouchi to develop contacts with other influential LDP members, analysts say.

Ouchi is well-known for his personal dislike of Komeito, partially because one of his major supporters is a religious organization that opposes Soka Gakkai, Komeito's religious backer. After he became the DSP leader, Ouchi talked about forging an alliance with Komeito, but he is also reportedly continuing a secret, vigorous anti-Komeito, anti-Soka Gakkai campaign.

The LDP, determined to recover its influence in the upper house, is reportedly pondering an alliance with Komeito, which would ruin the DSP's chance to enhance its political influence, many DSP members fear. Despite severe criticism from within his party, Ouchi has started the campaign to forge an alliance with the LDP just to

prevent Komeito from forming an alliance with the LDP, according to a DSP member close to Ouchi.

Ouchi was the protege of the late DSP Chairman Ikko Kasuga, who was touted as a wizard at forging alliances and coalitions. Learning from his mentor, Ouchi appears to be striving hard to become a kingmaker in the rapidly changing Japanese political world.

Socialist Party To Review Security Policy

OW0506094190 Tokyo THE DAILY YOMIURI
in English 4 Jun 90 p 1—FOR OFFICIAL USE ONLY

[Text] In a bid to resolve differences with other opposition parties and boost public support, the Japan Socialist Party [JSP] will soon begin a review of its present policies related to national security, including its stand against the Self-Defense Force [SDF], JSP sources revealed Saturday. A fundamental review of the present policy—based on nonalignment, neutrality, and nonarmament—will begin on Wednesday with a meeting of three chief executives of the JSP committee on security issues, the sources said. It is the first time since JSP Chairwoman Takako Doi took office in September 1986 that the committee will hold a meeting.

Through discussions at the committee, the party hopes to compile a new set of policies on defense issues, including the role of the SDF, with the goal of reaching a consensus by the fall, the sources added. The JSP currently views the existence of the SDF as unconstitutional on the basis of the article that stipulates renouncement of war. However, it adopted a new policy this April condoning the existence of the SDF under an opposition coalition government and revised its position against the Japan-U.S. Security Treaty. However, both moves fell short of winning the approval of its partners, the Komeito and the Democratic Socialist Party, who subsequently called off the effort to seek a coalition government with the JSP, the country's largest opposition party.

The new decision to review the party policy on security, a JSP executive explained, is based on the observation that it is impossible for the party to take control of the government unless it convinces the voting public with a more realistic policy.

Socialist Party's New 'Pragmatic' Stance Viewed

OW0906022190 Tokyo THE JAPAN TIMES in English
8 Jun 90 p 20—FOR OFFICIAL USE ONLY

[By Kenzo Uchida]

[Text] Signs of change are appearing in the Japan Socialist Party [JSP], indicating that it is aiming to become a pragmatic party capable of taking over the reins of government some day in the future. Until a few years ago, the JSP was seen as the top opposition party that tended to oppose anything and everything, in other words, opposing for opposition's sake. Its public image was one of a political group that had no practical

policies, confronted the ruling Liberal-Democratic Party [LDP] and rejected, in effect, any possibility of taking over power.

A big change occurred four years ago when the party adopted a "new declaration" to replace its ideologically-slanted platform. It got on the road to gradually become a pragmatic party. It was also four years ago that Takako Doi was named the party chairwoman, the first woman to head a major political party in Japan. With her rise to power the JSP won wide public support.

The change showed its first substantial effect in the upper house election last July when the JSP made impressive gains. The party repeated that remarkable performance in the general election this February. Many JSP women candidates were elected to the upper chamber. The party also succeeded in sending many newcomers from various professions to the lower house. The JSP came into the spotlight as a political force with new vigor.

The change in the party was reflected in its stand toward the two Koreas. Party head Doi paid a courtesy call on South Korean President No Tae-u when he visited Japan in late May. She also attended a dinner party hosted by Prime Minister Toshiki Kaifu in honor of the South Korean head of state. On May 30, JSP Vice Chairman Makoto Tanabe represented the party in a tripartite consultation with the government and the LDP on improving relations with North Korea. Japan is trying to obtain the release of the fishing boat No. 18 Fujisan Maru and its skipper, still held in North Korea.

The three-party talks produced agreement that: (1) a JSP delegation headed by Vice Chairman Wataru Kubo will visit Pyongyang in July; (2) this will be followed by a visit to Japan of a high-level (North) Korean Workers' Party delegation; and (3) former Deputy Prime Minister Shin Kanemaru will visit North Korea in the autumn.

The JSP's Korea stand was biased toward North Korea in the past. This has been corrected to include moves toward the South, too. It is now taking a supraparty diplomatic stance. The JSP is also trying to flexibly meet the changing international situation brought about by rapprochement between the United States and the Soviet Union.

The party newspaper SHAKAI SHINPO front-paged the recent developments under big headlines reading: "Bridging North and South—Doi—No Meeting," "Consultations With Government and LDP To Improve Relations With the Republic (Democratic People's Republic of Korea)."

The JSP's pragmatic stance is not limited to the Korean question. It has become flexible in Diet steering, too. It is no longer taking an unconditionally hard line. True, it is still opposed to the ruling party on the consumption tax issue. But the prospect is that the two parties will reach some kind of agreement on the matter by the fall. The JSP's "opposition for opposition's sake" of the past was not seen in the discussion of the national budget for

fiscal 1990 which went into effect on June 7. The party was quite constructive in its attitude.

Who is the driving force behind the JSP's flexible stand and pragmatic line? There are, in fact, two forces. One is the group led by Vice Chairmen Tanabe and Kubo, who were newly elected to their posts at the party convention in April. The other is made up of the activists of the "New Wave Club" formed by the newcomers elected in the February general election. The latter publicly announced that they had run in the election with the aim of making the party capable of taking the reins of government. They defy the old perceptions and concepts still existing within the party.

If these two forces succeed in bringing about true party reform, the prospect will perhaps grow for the JSP to fully emerge from the shell of being a "perennial opposition party" and confidently progress toward its ultimate goal: becoming the party in power.

Defense Affairs

* Profile of JDA Personalities

902B0091A Tokyo KANKAI in Japanese

Apr 90 pp 46-55—FOR OFFICIAL USE ONLY

[Article by JDA Problems commentator, Kaoru Sakuragi]

[Text] Amidst the upheaval of the domestic and foreign political situation the Japanese Defense Agency (JDA) has been the most seriously affected. There has been the political distrust originating in the Recruit scandal of last year, the Takeshita cabinet—which took responsibility for the stagnation of the government—stepped down from power, the Uno cabinet was born, and the JDA received as director general the Nakasone faction political favorite and, moreover, influential member of the national defense family, former JDA Secretariat Assistant Director General Yamazaki. Yamazaki himself was an excellent person for the JDA again, but in the upper house elections in July, the Liberal Democratic Party (LDP) suffered an unprecedented crushing defeat, the Uno cabinet stepped down in August, and Yamazaki left the seat of director general.

At his farewell address upon leaving office, Yamazaki announced he would return again as JDA director general and Assistant Director General Nishihiro also, at the farewell address, said he was looking forward to this. But since then, things have definitely gotten caught up in the confused domestic political situation.

The Current of Detente and the Upper House Ruling-Opposition Party Reversal

The biggest problem for the JDA is a new mid-phase defense policy beginning from 1991. However, looking at this from the JDA position, the prospects for this are not at all rosy. In the world situation, due to the liberalization of Eastern Europe typified by the historic event of the removal of the Berlin wall at the end of last year, and the transformation of U.S.-Soviet relations

from "confrontation" to "cooperation," the current of detente has become an unstoppable thing. On the other hand, in the Japanese Government, for the first time the number of ruling and opposition seats in the upper house have reversed in last summer's upper house elections and, in order to return things to their usual status, a fourth upper house election is needed it is said. Because there is a majority reelection every 3 years in the upper house, this means a total of 12 years is needed. In regard to the budget, treaties, and appointment of the prime minister, even though the decisions of the lower house may be in disagreement, the lower house takes precedence. In regard to other bills, in the case that various decisions in the upper and lower houses are different, the situation will continue where they will not be approved.

Furthermore, although it recognizes the current of detente in Europe so far, the JDA is emphasizing in white papers the necessity of the equipping and completion of its defensive strength based on the Soviet military buildup in the Far East and has been concentrating its power to ensure defense spending. But even in this point it is faced with a change of strategy. This is because the United States, which up to now had been taking the same position as the JDA, has reversed its position to one which publicly recognizes the reduction of the Soviet military threat in the Far East.

At the meeting of U.S. Secretary of State Baker and Soviet Foreign Minister Shevardnadze in Moscow in February, they agreed to aim for the signing of a strategic nuclear arms treaty by the end of this year and, within the year, to compromise on the Negotiations on Conventional Armed Forces in Europe (CFE). U.S.-Soviet negotiations are undergoing a shift—favorably—in the reduction of arms and, in the meanwhile, when U.S. Secretary of State Baker spoke at a press conference 9 February before going on his round of visits to Japan, Korea, and the Philippines, he made clear—while announcing America's support of the United States' military forward deployed strategy—a plan of the withdrawal and repositioning of a part of the U.S. Pacific Fleet. Following Europe, the current of detente has certainly come about in the Far East also.

Additionally, there is no doubt that the opposition parties, holding the majority in the upper house—together with furiously demanding a reduction of defense spending—are, in regard to a new mid-phase defense plan, demanding a smaller plan and are intensifying their attack. Along with how to come to terms with these two large essential domestic and foreign factors, it looks as if the JDA is in an exceedingly difficult position in how to determine a new mid-phase defense plan.

Already the opposition parties are showing a stance that requires the reestablishment of defense spending within the framework of one percent of GNP and, although the LDP was able to secure a majority at the 39th general elections on 28 February, the government and LDP are in the position, to a certain degree, where they cannot help but comply with opposition demands. For the JDA,

they may have to infer that this harsh "winter period" may continue for some time.

Assistant Director General Nishihiro's Successor Will Be Ida or Hiyoshi

Permanent JDA Assistant Director General Seiki Nishihiro (Tokyo University 1956 graduate), who has had the name "Mr. JDA" just like he wanted for a long time, will celebrate his 60th birthday this year. When the curtain opens at the special session of the Diet that convenes after the general elections, it looks like he will retire from service. On 14 June 1988, the first "trueborn JDA" assistant director general was inaugurated and Japan came to shoulder its defense policy in one individual. There is the viewpoint, in some parts, that this is going too far politically. So far, there has been the power of influential director generals such as Shin Kanemaru, Tomo Mihara, and Yuko Kurihara who have boosted up the so-called third-rate JDA, but ultimately Nishihiro's burden has been great. You cannot help but say, "Thanks for your efforts." At the same time, the government and LDP should be thinking of a way to keep the abilities of Nishihiro alive even in the future.

Therefore, Nishihiro's domestic and foreign connections and policymaking abilities are needed in the future. For this reason, it means that it can be seen that there is a strong chance that Nishihiro's successor as permanent assistant director general will be present Cabinet Security Department Director Tomohara/Tomoji Ida (Tokyo University, 1958). Ida has successively held the posts of JDA Education and Training Bureau director and JDA Secretariat director, but is originally from the National Police Agency (NPA). Within the JDA there are those who are asking, "At this important time will Ida really be appointed?" If you look for a powerful contender in terms of ability, the favorite assistant director general candidate was former Defense Facilities Administration Agency Director Hisakatsu Ikeda (Tokyo University, 1957), but he succumbed to illness and died last year. For this reason, suddenly Ida has become seen as the favorite. Ikeda, as an elite figure of the JDA trueborn—after Nishihiro—was seen with certainty as the future assistant director general. He had the fault of being pretentious, a penchant for too much self-confidence in his ability, and he over-organized his clique, but he was ultimately a great loss as a person of talent.

Returning to Ida, the favorite for assistant director general, after graduating from Tokyo University, he entered the NPA, served as Metropolitan Police Board public relations section chief, Nara Prefecture Police Headquarters chief, Metropolitan Police Board security department director, and then was appointed personal secretary to the prime minister of the Nakasone cabinet. After this, he served as NPA general affairs department director and then entered the JDA. After serving as Education and Training Bureau director, he became JDA Secretariat director in July 1987, and presently, as successor to Atsuyuki Sassa (Tokyo University, 1954)—who left the police and joined the JDA—is Cabinet Security Department director.

Ida discusses things in a loud voice without regard to those around him and shows a straightforward and energetic big-shot manner, but, on the contrary, his shrewdness is unrivaled. However, there is severe criticism that "he only has the look of a big-shot. The voice is loud, but there is no substance." And certainly, looking from the point of defense policy, this instability is great. He is as ready to talk as to work, but there are doubts as to whether he can handle being permanent JDA assistant director general only from his shrewdness.

His rival is Defense Bureau Director Akira Hiyoshi (Tokyo University, 1959) who comes from the Ministry of Finance (MOF). After entering the MOF, he was Fukuchiyama City Tax Office superintendent and then was on loan to the JDA. As a JDA employee, he possesses two years' experience in the Finance Bureau. Returning to the MOF in 1968, he served successively as Budget Bureau supply section chief, Banking Bureau general affairs section chief, Tokai Financial Bureau director, became a MOF Secretariat councilor, and in June 1986 he returned to the JDA again, as a defense councillor.

So to speak, it can be said that he is an elite individual that the MOF cultivated to control the JDA. However, his personality is gentle, and, moreover, his spirit is strong. In his time as Finance Bureau director, in budget negotiations, he displayed his tenacity towards the MOF where he once served. Again as Finance Bureau director and Defense Bureau director, he tactfully handled Diet questioning. Now he is Nishihiro's right-hand man and even in the next defense plan and in negotiations with the United States, he has shown the posture to grapple with them positively. If there was a post-Nishihiro popularity poll conducted within the JDA, there is no doubt he would overwhelm Ida, including those in the land, maritime, and air uniformed service organizations. You may say Ida is the favorite, but that does not mean that Hiyoshi would not overtake Ida and become the next assistant director general.

However, as far as Ida or Hiyoshi, because the chance of survival of present Assistant Director General Nishihiro is great, it could be said that it is unfortunate to be comparing them. But if viewed from the importance of defense, with the inferiority of the JDA to other ministries and agencies, the existence of a person like Nishihiro is necessary.

If Not Assistant Director General, Hiyoshi Will Become Defense Facilities Administration Agency Director

It must be seen that—at the earliest in June or at the latest in August—Nishihiro will retire from service. It will be either Ida or Hiyoshi, who will overtake Ida. But if it is Ida who is appointed assistant director general, there is strong support for either Defense Facilities Administration Agency Director Munekazu Matsumoto (Tokyo University, 1956) or JDA Central Procurement Office Director Kazuhiko Sawada (Tokyo University, 1958) as the successor for Cabinet Security Department

director. Both are serious, persistent, and talented individuals, but there is the delicate issue of seniority, Matsumoto is two years' senior to Ida.

Matsumoto, employed at the Central Procurement Office, worked in the Personnel Second section in 1971 and, until he became JDA general affairs section chief in 1980, has continuously been in the JDA Personnel Bureau. In 1986, he went from being Central Procurement Office Headquarters assistant director to being Personnel Bureau director and is appraised equitably from troublemaking former JDA Director General Kurihara as having a gentle personality. From Personnel Bureau director, he went on to become Central Procurement Office Headquarters director and then became Defense Facilities Administration Agency director, but it is thought that he will retire at the same time as Nishihiro, who is from the same graduating class of 1956.

Matsumoto will circulate back to the Cabinet Security Department or may retire voluntarily, but in the case of Ida as assistant director general, the possibility is high that Hiyoshi would become Defense Facilities Administration Agency director. Alternatively, if Hiyoshi became assistant director general, Ida might become Defense Facilities Administration Agency director. It can be seen as certain that the Defense Bureau director after Hiyoshi will be present Finance Bureau Director Kazuo Fujii (Tokyo University, 1960).

Since entering the JDA in 1960, Fujii has been a Defense Section employee, planning director, Defense Section chief, and JDA councillor in charge of defense, an elite individual who moved through the main current of the JDA. In November of 1979 he participated in the introduction of the F-15, P-3C, and the AH-1S when he was appointed aircraft section chief, as planning director and Defense Section chief he was involved with the fourth five-year program for defense buildup, the 1978 mid-term planning estimates, the 1984 mid-term planning estimates, and he took part in drawing up the mid-term defense plan. He is a powerful assistant director general candidate after Hiyoshi, known as the "prince," but he saves face and has a bad reputation for always interrupting over small details. In the future, when someone has the burden of the JDA, it is important to take issue with things decisively and to be attentive to those around you. Formerly called the honored assistant director general, the present Defense Academy Director Haruo Natsume is said to be moving up and becoming more rounded, but Fujii has an entirely opposite reputation. He may need to reflect back upon himself.

Fujii's successor as Finance Bureau director is expected to be Personnel Bureau Director Shigeru Hatakeyama (Tokyo University, 1961). Like Hiyoshi, he is from the MOF. He started out in the MOF Budget Bureau laws and regulations department and went on to become Budget Bureau budget director, Budget Bureau investigation section chief, International Finance Bureau investigation section chief, Minister's Secretariat investigation and planning section chief, Tokyo Customs director, and Banking Bureau inspection director. In

July 1988 he was on loan to the JDA, he became a defense councillor, and was appointed to Personnel Bureau Director in July of last year. He possesses the experience of being loaned out to the Ministry of Health and Welfare, the International Tourism Promotion Council Frankfurt Tourism Advertising Office, and even to Kumamoto Prefecture.

Hatakeyama has placed some kind of collection of stuffed raccoons on the parlor sofa of his bureau director's office. The reason may be that he has compared newspaper reporters to being raccoons, but because of this—conversely—he has been given the nickname "raccoon" by his employees. In the MOF he became the youngest Budget Bureau director, but his charge at that time was the defense. He holds his liquor well and is a strong majong player, and is very versatile at baseball and tennis. He is an enthusiastic Tokyo Giants [baseball team] fan and his reputation from his employees is considered outstanding.

Hatakeyama has the courage to speak directly to the neo-new leader, Minister of Finance Ryutaro Hashimoto, from Azabu Junior and Senior High School, who now enjoys great influence and to his school friend, Fujii—"Mr. Smart and Intelligent"—and even towards Nishihiro. And although he comes from the MOF, his appraisal within the JDA is high.

The individual cited to be Hatakeyama's successor as JDA Personnel Bureau director is Defense Facilities Administration Agency Secretary Director Naoaki Murata (Tokyo University 1962). After being assigned to the JDA general affairs section in 1962, he was on loan to the Ministry of International Trade and Industry (MITI) and the NPA, he has the experience as serving as Aichi Prefecture Police Headquarters general affairs section chief, and has, furthermore, worked as personal secretary to the big-shot director generals Kanaoka and Mihara. He has experience of being JDA Personnel Bureau second section chief, general affairs section chief, and has worked in the central sections within the Personnel Bureau. In the FSX [fighter support experimental] study, he served as committee chairman of the general study committee on a successor aircraft to the F-1.

He is a powerful JDA Personnel Bureau director candidate, but perhaps because he is conscious of the next post or the one after that, lately, in regard to difficult questions, there is a tendency to point out that a posture of retreat can be seen by him. This tendency can more or less seem to be seen in Ida and Hiyoshi, but in order to secure the inner-Agency, the stance of resolutely challenging difficulties may be required.

For JDA Secretariat Director Yoshio Kodama (Tokyo University, 1960), from the same graduating class as Fujii, there will not be any changes next time. Kodama has the experience of being on loan for two years from 1962 to MITI's Heavy Industry Bureau Heavy Industry Product Export Section. He served as JDA Application section chief, Personnel Bureau first section chief, Personnel Bureau third section chief, general affairs section

chief, and, progressing smoothly, was transferred to the Defense Facilities Administration Agency Fukuoka Headquarters as director in April of 1985. He returned in January of 1987 as Defense Facilities secretary director. After being JDA Personnel Bureau director, he went on to become JDA Secretariat director. He is judged as being a bit too stern and having a lack of fun. However, his roots are exceedingly sincere and the confidence in him both inside and outside the JDA is deep. In the Diet where the upper house had a reversal of ruling and opposition parties, how long can this confidence in him hold out? For Kodama, the post of JDA Secretariat director may be said to be the crucial place to prove himself.

It is thought that JDA Education and Training Bureau Director Ichiro Yoneyama (Tokyo University, 1961) will not move. Yoneyama is from the Ministry of Home Affairs. Starting out in the general affairs section of the Ministry of Home Affairs, he has had a colorful career serving as the public manager of the Yamanashi Prefecture governor, Oita Prefecture finance section chief, Niigata Prefecture education director, Ministry of Transportation Civil Aviation Aerodrome Department Environmental Policy First Section chief, and Hiroshima Prefecture general affairs department director. He became a defense councillor in June of 1986, and in June of last year he was appointed Education and Training Bureau director. Because his regional administration experience is vast, he knows what is right, and it may be because of this that lately no major mishaps have occurred.

JDA Equipment Bureau Director Sadoshi Uematsu (Tokyo University, 1961) is from MITI. Immediately after arriving at his post, he seemed to be greatly strained by the FSX matter. His work has the reputation of being well-conducted—from his days at MITI—but things do not progress only from being well-conducted. In future negotiations with America, his ability should be evaluated.

JDA International Bureau secretary director is Katsuhisa Uchida (Tokyo University, 1961) from the Ministry of Foreign Affairs. He has experience in serving in the embassies of the United States, Canada, India, England, and Czechoslovakia, but in the Ministry of Foreign Affairs his field was rather in the Economic Cooperation Bureau. He has held, successively, the Ministry of Foreign Affairs posts of Economic Bureau International Economics first section chief, Minister's Secretariat Research and Analysis Bureau Planning Department planning section chief, Economic Cooperation Bureau Technology Cooperation first section chief, and Economic Cooperation Bureau Technology Cooperation Policy section chief. After serving as Japanese Embassy minister to England and as Economic Bureau assistant director, he arrived on 23 January of this year at the post of JDA International Bureau secretary director. Amidst the current of detente that has reached the Far East, there are mountains of difficult problems in negotiations with the United States and the problem of the United

States and Japanese status. If he does not have the strength, he will not be up to his duties.

Continuing, present JDA Health Secretary Director Takeshi Tamaki (Okayama University Medical School, 1961) is from the Ministry of Health and Welfare. He graduated from Okayama University Medical School in 1960 [as published] and entered the Ministry of Health and Welfare in 1961. He started out in the Okayama Prefecture Kurashiki Health Center, was loaned out to Kochi Prefecture and Wakayama Prefecture, and was transferred from being Minister of Health and Welfare Public Health Bureau nutrition section chief to become Ehimi Prefecture Health Department director in 1979. He returned to the Ministry of Health and Welfare in December of 1981, and after serving as Life and Health Bureau food and health section chief and Health and Medicine Bureau National Hospital section chief he became Aichi Prefecture Health Department director in May of 1987. On 12 September of last year he became JDA Health secretary director.

JDA Technical Secretary Director Teruo Suzuki (Tokyo University Engineering Department, 1953) entered the Technical Research and Development Institute, formerly the Technical Research Institute, in 1954. After being chief research director attached to the technical development director in charge of ships, he was on loan to the Maritime Safety Agency in 1966, where he was the earnest engineer of the Ship Technology Department technology section ship construction director. He served successively as JDA Equipment Bureau warship section chief, Equipment Bureau munitions materials section chief, Technical Research and Development Institute technical department director, and technical research and development director in charge of guided weapons. Towards the construction of the Aegis class warships and antisubmarine acoustic monitoring ships, there are great expectations for Suzuki as a warship and missile specialist.

The Individual To Carry Most of the Weight of the Next Generation Is Hoshuyama

When the JDA decides important matters, they summon a meeting of secretary directors. The individuals eligible to attend are the director general, the assistant director general, the JDA Secretariat director, the bureau directors, and the secretary directors. Who will be able to enter this group in future meetings of the secretary directors?

In the case that Murata is transferred from being Defense Facilities Administration Agency secretary director to become Personnel Bureau Director, it might be either Technical Research and Development Institute Director Tatsufumi Tsuboi (Tokyo University, 1962) or Defense Council Director Noboru Hoshuyama (Waseda University, 1963) in Murata's post. Murata and Technical Research and Development Institute Third Research Institute Administration Department Director Tetsushi Akutagawa are from the same graduating class as Tsuboi, but if there were elections held today, Akutagawa would

be called a "lone fighter" in the television and press. Tsuboi has successively held the posts of personal secretary to the general director, Security Research second section chief, Applications Department first section chief, public relations section chief, and Personnel Bureau first section chief. He has had the experience of studying in England and his personality is evaluated as having broadened lately. Tsuboi may very well be the next Defense Facilities Administration Agency secretary director.

However, in the case that even if Hoshuyama falls behind Tsuboi who might become the Defense Facilities Administration Agency secretary director, everyone considers that a talented person will carry on the next generation. If there is the realization in the near future of an individual from a private college who is the first person to make it from Defense Bureau director to JDA assistant director general, only Hoshuyama can be thought of as that man. He served as Intelligence Division second section chief, planning director, and Personnel Bureau third section chief. From June of 1987, he became a defense councillor with the additional post of Defense Section chief and at the FSX selection study, under the authority of then-Defense Bureau Director Nishihiro, he did the best job he could.

Hoshuyama, from Oita Prefecture, is a hot-blooded man who worked his own way through school and graduated from Waseda University. If he flies off the handle and does not defer to others, he might be eaten up by Nishihiro. He has been given the very thankless nickname of "instant tea-kettle heater," but he spent two hard years as a councillor to the Diet and lately has become a pipe to opposition parties, where his internal and external confidence has deepened. Even though small, he cannot refuse a drink once it is offered to him. Also, his personality is frank and there is no doubt that he can hold up the JDA.

Following Hoshuyama, the other graduates from Waseda University are Defense Facilities Administration Agency Fukuoka Bureau Director Masuo Morotomi (1964), Cabinet Security Department Cabinet Councillor Takiyuki Awa (1966), Equipment Bureau Munitions Materials Section Chief Tatsuya Ono (1967), Defense Facilities Administration Agency Facilities Acquisitions Second Section Chief Takehiko Araki (1969), Personnel Bureau Third Section Chief Yasuhari Ito (1969), and Security Research Second Section Chief Takehiko Shimaguchi (1970). There is Central Procurement Office Nagoya Bureau Director Hiroshi Ota, who entered the JDA at the same time as Hoshuyama, but the difference in climbing up the ranks of the JDA is startling. In Hoshuyama's fellow defense councillors' ranks is [Yumi/Sukeaki] Hironaka (Tokyo Institute of Agriculture and Industry (1962), [Yasuari/Yasunau] Mitsui (Tokyo University, 1964), and [Kiichi/Takakazu] Ogino (Chuo University 1961). Hironaka graduated from the Agriculture Department of the Tokyo Institute of Agriculture and Industry and is a rare case among the JDA, taking the advanced level entrance examination and possessing

agricultural experience. Employed by the Central Procurement Office, he has also been in the Defense Facilities Administration Agency. In 1969, he first entered the JDA as an employee in the JDA Defense Section. After this, he was research department first laboratory director of the Defense Research Department, Equipment Bureau aircraft section chief, Education and Training Bureau education section chief, and Defense Academy general affairs department director. In June of 1988 he was appointed as a defense councillor.

Hironaka was in charge of the Defense White Paper 1989. His field of expertise is in the international situation and he has incorporated this rather Hironaka-like pride into the Defense White Paper.

Ogino was also employed in the Central Procurement Bureau and started out as Central Procurement Office Personnel Management Department personnel management planning section chief. From the Defense Facilities Administration Agency general affairs section he was assigned as a department employee of the Personnel Bureau second section in 1970. In January of 1982 he became Defense Facilities Administration Agency general affairs department-Central Procurement Office cooperation section chief. In July of 1984 he became Personnel Bureau third section salary section chief and in November of 1984 he became welfare section chief. After that, from serving as Defense Facilities Administration Agency general affairs section chief he was transferred on promotion to become a JDA defense councillor in December of last year. If you do not rise through ability in this post, there are harsh criticisms from those inside.

The youngest councillor, Mitsui, seems to have made it to the top of his class of 1964 graduates. However, there is no one within the JDA that has his lack of popularity caused by his odor of eliteness. From Personnel Bureau first section chief he became a councillor. But there are faint hopes for him because if he gets covered with blood in questioning at the Diet, he might shirk his duties. If you are trying to shoulder the JDA, it seems human training is needed.

From the group of 1964, besides Mitsui and Morotomi, there is Defense Medical University Secretariat General Affairs Department Director Soichi Saruwatari, Defense Facilities Administration Agency Sendai Bureau Director Hajime Seki, and Defense Facilities Administration Agency Osaka Bureau Assistant Director Masahiro Hataba. Saruwatari looked like the "prodigy of Hokkaido," but was rightly sized up as a "prodigy at 10, a gifted child at 15, and a normal man after the age of 20."

Seki is from the Department of Education of Tokyo University and a sixth-level Aikido player. However, like the man who is said to be "of strength and good character," his prospects are filled with trouble. Nothing is heard about Hataba. If anyone contends with Mitsui at

this time, it may be Defense Facilities Administration Agency Fukuoka Bureau Director Morotomi, who works in his native region.

For his entrance examination, he sported an unusual sports haircut, but for Morotomi, his employee haircut is perfect. He is squat and short legged, has a large head, and laughs, smiles, and persuades his partners. He served as Defense Facilities Administration Agency public relations section chief, general affairs section chief, and his ability to appropriately cajole the annoying reporter troops and opposition party Diet members is excellent. His next post after Defense Facilities Administration Agency Fukuoka Bureau director may be a problem. However, because of his nonsensical personality, he may have been better off as a politician.

Hope Lies in Ema, Moriya, Yanagisawa, and Moriya

There seems to be growing criticism of the rest of those who enter the JDA every other year. In the group of those who graduated in 1965, there is Technical Research and Development Institute General Affairs Department Director Tatsuo Kusatsu, Defense Section Director Jiro Hagi, and Central Procurement Office Nagasaki Bureau Director Susumu Mizuguchi. Only Defense Section Director Hagi in the so-called star post seems to be leading, but he is unreliable, with his backbiting in which he says things like "the main reason he was put into an important position is his flattering spirit." In opposition to this, the expectations are high for Kusatsu who, because of his integrity and enthusiasm, is very popular with his subordinates.

In the group of graduates of 1966 there is Cabinet Security Department Cabinet Councillor Awa (a Waseda graduate who appeared earlier in this article), Cabinet Security Department General Affairs Section Chief (Seiji/Kyoji) Ema (Chuo University), and Defense Academy General Affairs Department Director [Masataka Suzuki] (Chuo University). As it stands, there is no one who will be educationally lacking of the JDA entrants from that year. Awa has served successively as warship section chief, warship security section chief, and Personnel Bureau third section chief—he will return to the inner JDA in time and he has a cheerful personality. Ema has been a planning director, as aircraft section chief he participated in the FSX selection workshop, and was appraised by Nishihiro and Hoshuyama. He is a fast talker, but his resolve is quick. He is an all-around player who can hurriedly carry attention and power. Suzuki has served as communications section chief, Personnel Bureau third section chief, public relations section chief, education section chief, and then returned to Osaka. His clever conceptualizing is a weak point, but he is good in getting in tune with his partners when he sits and drinks. He has been given the nickname "the popcan who doesn't distinguish the difference between a joke and a bad pun." Ema is one step in the lead.

In the group of graduates from 1967 there are seven individuals: Personnel Bureau First Section Chief Yoji Ota, Welfare Section Chief Masayuki Fujishima,

Defense Facilities Administration Agency Facilities Department Planning Section Chief Takeshi Ozawa, Equipment Bureau Munitions Materials Section Chief Ono (mentioned previously), Defense Facilities Administration Agency General Affairs Department Personnel Section Chief Yasuhiro Okoshi, National Defense College War History Department War History First Section Chief Shohei/Masahira Akiya, and Finance Bureau Accounting Section Chief Hachiro Mezaki on loan from the MOF. Mezaki has handled, without difficulty, the hard accounting section post between the MOF and JDA. He has the reputation of being an employee of the section without an odor of elitence. Ota, through the goodness of his personality, overcame the contested position of public relations section chief. He has the experience of serving in the Japanese Embassy to the United States and his future looks promising. Fujishima, because of the minimum age limit rule, is salted down in the welfare section and is looking forward to change. He is capable, but there is concern over his surplus of overconfidence. Okoshi was promoted from Defense Facilities Administration Agency personnel management department director to Defense Facilities Administration Agency personnel section chief. With his Fukushima accent and his fitting gentle features and personality, he is popular. Ozawa's fine sensibility does not fit with his sea lion-like body shape.

In the group of graduates from 1968 there is JDA Planning Director Keiji Omori, Central Procurement Office Second Section Chief Takeshi Hatori, Finance Bureau Rules and Regulations Section Chief Tetsuo Hayashi, and Education Section Chief Oki Sakano. Omori has been Ground Staff Office director, Defense Academy dean, and his father is General Hiromoto Omori. From Defense Facilities Administration Agency Kure Bureau director he became applications section chief and arrived in his present position. He possesses balanced conceptualizing and faith and is the type who does not curry favor to his superiors, nor play up to those below him. He is a samurai who does not at all fit his gentle features. The crucial moment for him is in how he will shape the next defense plan.

Sakano has been on loan to the MOF Budget Bureau and has experience in the assessment of the price of rice. He has served as personal secretary to Director General Soichiro Ito and from communications section chief he became education chief. However, he is criticized as "not having the weight for the post." Hayashi became rules and regulations chief from being Central Procurement Office supply section chief, but he is judged as being a "public official type." He may be perfect for the squarish rules and regulations investigating, but if his only hobby is horseracing, it is important that he also use this kind of ease in his work. Hatori is a lone fighter.

In the group of graduates of 1969 there are four individuals: Personnel Bureau Second Section Chief Ichiro Nishimura, Personnel Bureau Third Section Chief Ito (mentioned previously), Aircraft Section Chief Shingo Shuto, and Defense Facilities Administration Agency

Personnel Management Welfare Section Chief Araki (mentioned previously). Nishimura is a small man and—due to his working like a bee in his office—has been given the nickname "Chima-chan." Immediately after Shuto returned home from England, he became embroiled in the FSX commotion. However, with his inherent toughness and resiliency, he somehow has survived.

The three individuals from the group of graduates of 1970 are Security Research Second Section Chief Shimaguchi (mentioned previously), Communications Section Chief Masakutsu Niigai, and Public Relations Section Chief Kyoji Yanagisawa. In the flow of the international situation, only Shimaguchi's post is being watched. There are many problems, but he is number one in the amount of solutions. Yanagisawa, from being Defense Facilities Administration Agency Hiroshima Bureau facilities department director and training section chief, became public relations chief. He was Director General Kurihara's personal secretary, but was adored even by crusty Kurihara. Due to his many contacts with the three services—Army, Maritime, and Air—he has their confidence and his subordinates' confidence in him is excellent. He is the hope of the future. Niigai is beyond comment.

The six individuals from the graduating class of 1971 are: Defense Facilities Section Chief Shiro Aizawa, Warship Security Section Chief Shinichi Udagawa, Defense Facilities Administration Agency Personnel Management Administration Section Chief Nobumasa Ota, Technical Research and Development Institute Technical Department First Section Chief Katsuhiko [Kamio/ueoka], Training Section Chief Seiichi Kobayashi, and Applications Section Chief Takemasa Moriya. Moriya, from Tohoku University, is a preeminent individual of acting power—a "quick-to-do-it section chief." Even on the problems of plutonium transportation he is on the attack. Kobayashi graduated from the Law Department of Tokyo University and served as personal secretary in the first half of the second tenure of Director General Mihara. At that time, he was subject to correction for a long time from inflexible Director General Mihara. And whether this was helpful or not, he has worked in the National Defense College and since returning to being training section chief, his reputation is good. He is the youngest section chief within the JDA, but his thin line is a weak point. Aizawa's weight and goodness are merits. Commenting on Udagawa "cannot be done."

Besides these individuals, there is [Koji/Mitsuhara] Kamada, who entered the Technical Research and Development Institute as engineering section chief in 1963, and is the hope of the Defense Facilities Administration Agency as a civil engineer. He is an engineer with a friendly personality and bar-code hair like former Prime Minister Nakasone. And there is Security Research First Section Chief Shikeaki Ishigawa on loan from the NPA who, as their ace, to ensure his NPA post, has been shown around for a long time. However, the

JDA is aiming for the establishment of its own Security Research Institution, and there is a possibility that he would become the last NPA Security Research first section chief.

The reserve force of section chiefs within the JDA are two individuals of the class of 1972: Defense Facilities Administration Agency Hiroshima Bureau Director Iwao Kitahara and Defense Facilities Administration Agency Facilities Department Facilities Policy Third Section Chief Oshiaki Hotsuki. As successor to Kobayashi, Kitahara served as personal secretary to Director General Kurihara, but he is an individual like "straight integrity" painted in a picture. Hotsuki, as a Defense Section employee, has a "strong heart" forged by Nishihiro and Hoshuyama.

Now there is the one individual that must be mentioned who was the first female to be admitted into an upper rank position of the JDA in 1989, Makiko Aono. She has the passing marks of being "very courageous, gutsy, and—in those same graduates of 1965—has the best 'feeling of weight.'" It has been decided informally that in Fiscal 1990 a Kyushu University female graduate will enter the JDA and they are waiting to see how she will be trained and cultivated.

Personnel From Outside the JDA

If Defense Facilities Administration Agency Director Matsumoto retires voluntarily or went on to become Ida's successor as Cabinet Security Department director, the possibility is great that Hiyoshi would become Defense Facilities Administration Agency director. Defense Facilities Administration Agency Assistant Director Tadashi Kobodo (Hiroshima University, 1956) is a dedicated individual employed at the Central Procurement Office Kure Bureau and there is strong support within the JDA which looks forward to his continuance in office. However, Kobodo is insisting on an "absolute, general resignation of the graduates of 1956," and it looks like Shingo Yoshizuri will be named as Defense Facilities Administration Agency assistant director.

Defense Academy Dean Haruo Natsume and Assistant Dean Teruaki Fujita will remain in office. In the Defense Medical College, Director Junichiro Kikuji will not move, Assistant Director Hiroshi Yamazaki will retire voluntarily, and Central Procurement Office Facilities Department Assistant Director Hiyohike Koike (Tokyo University, 1960) is leading. Simply because Koike has a peculiar personality of "drive that surpasses ability which causes confusion in those around him," he may be better off in a position of little influence. It looks like Koike's successor will be Technical Research and Development Institute Assistant Director Tsuboi and after Tsuboi there is a chance it could be defense councillors Hironaka or Mitsui. Also, in the Technical Research and Development Institute, if Director Ryoza Tsutoi voluntarily retires, JDA Secretary Director in charge of Technology Suzuki may become director.

Joint Staff Council Director Ishii's Successor Will Be Yonekawa or Terashima

The uniformed services top post, Joint Staff Council Director is held by General Masao Ishii (65th-term recruit, Rikyo University, 1953) who came up from serving as Ground Staff Office director. He is a talented individual from the top of the CGS (present Command Ground Staff curriculum-former Army College). He is going along, taking all things in stride and not disturbing the apple cart. Yet, on the other hand, there are those who ask, "Why is this man Joint Staff Council director?" If the succession moves in order, it should be Maritime Staff Office director. But because of the splendid "Nadashio" [submarine accident in Tokyo Bay in 1988] incident under former Maritime Staff Office Director Shujiro Higashiyama, the Ground Staff director and Air Staff director have taken the lead over Defense Academy first-term Maritime Staff Director Hajime Sakume as successors. With Sakume as the "next to the next," Ground Staff Director (Taizo/Yasuzo) Terashima (Tohoku University, 1955) or Air Staff Director (Tadayoshi/Chukichi) Yonekawa (Aoyama University, 1955) will be the successor.

Terashima is flexible on concepts and is kindling a desire to build an open Self-Defense Army. Following this, how can an individual from the Defense Academy flow into things in the post-Terashima army? Because there is a large group of hard-headed "inexperienced" individuals in the upper management staff of the fourth- and fifth-term graduate group of the Defense Academy, this area is a problem. With his frankness, Terashima has high appraisal within the JDA. Terashima's successors are both Defense Academy first-term graduates: Eastern District Inspector Army General (Sachio/Yukio) Minakawa and Northern District Inspector Army General Atsushi Shima. Within the Ground Staff Office "keep it up!" Minakawa is popular and, within the JDA, prudent Shima is popular.

It is definite that the successor of Yonekawa of the Air Staff will be Defense Academy first-term graduate Air Force Commander in Chief General Akio Suzuki. When the Air Force's Yonekawa and Army's Terashima move, all three of the staff office directors will be Defense Academy first-term graduates and it will be the turning point of the Self-Defense Forces.

As the "boss" pilot, Yonekawa is kindling the long-cherished desire of boosting up the Air Self-Defense position. There is no doubt that he is a brave general, but this only looks like he is returning to the pilot alumni reunion-like atmosphere that former Air Staff Director Taira Omura revitalized. Maritime Staff Director Sakume is bearing the Maritime Self-Defense Force reconstruction which lost credit on account of the "Nadashio incident," but because of his rational thinking and his popular image—he is nicknamed "Kobo-chan"—his appraisal inside and outside the staff office is not bad.

Returning to Ishii's successor, there is strong support within the JDA which is recommending Terashima with

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his excellent balanced feelings. However, Ishii is not sure about Terashima, saying, "He has been continuing only in the Army...." Whoever it will be, it is certain that the Maritime Staff office's Sakume will become Joint Staff Council Director in the term after this next one.

Sakume has the most potential of becoming the first Defense Academy graduate to achieve the position of Joint Staff Council Director.

Defense Cadets To Receive Management Training *OW0706115490 Tokyo THE JAPAN TIMES in English* *6 Jun 90 p 3—FOR OFFICIAL USE ONLY*

[Text] Cadets in the Ground Self-Defense Force [GSDF] will study this summer at 27 private companies, including Hitachi Ltd., Sumitomo Metal Industries and Fuji Xerox Co., as part of a management training program. A high-ranking officer in charge of the program said he hopes the unprecedented training at private companies will help expand the range of expertise SDF [Self-Defense Force] officers acquire during their services.

The step is part of GSDF efforts to make the military more attractive to young men and women. All three self-defense forces are currently having difficulty recruiting cadets.

The problem is most serious at the Ground Self-Defense Force, because it requires the largest portion of would-be officers among the three forces. The National Defense Program Outline says the GSDF should have 180,000 troops, but the actual number now is 155,00 due to difficulty in recruiting.

A senior GSDF officer explained that one of the reasons young people find the force unattractive is that they find it hard to see what the self-defense force is doing in peacetime. "We should seriously think about what the SDF can do for society in peaceful times," the officer said, "and one of the ways we can make contributions is to train young people and send them back to the society as capable men and women." Besides, acquiring management knowhow at private companies should help officers become capable leaders in the force, he said.

According to a GSDF source, a total of 81 GSDF officers currently studying at GSDF cadet school will be sent to 27 private companies for two weeks in July. The companies include Secom Co., Yamato Transport Co., Toray Industries, Inc., Sumitomo Corp. and Hazama-Gumi Ltd.

After studying the result of the short-term training, the GSDF plans to send some officers to other companies for a period of one year starting next summer.

Editorial Views Work on Defense Buildup Program *OW2406004290 Tokyo ASAHI EVENING NEWS* *in English 20 Jun 90 p 6—FOR OFFICIAL USE ONLY*

[ASAHI SHIMBUN 20 June editorial: "Review Japan's Defense Needs"]

[Text] Full-scale work on the formulation of the Defense Buildup Program that starts in fiscal 1991 began at the Security Council on Tuesday. This fiscal year is the last year of the existing Five-Year Defense Buildup Program, and if it goes as planned, Japan's defense capability will virtually reach the basic capability levels envisaged in the National Defense Buildup Program Outline.

What to do about Japan's defense capability now that it is about to reach yet another peak? Drawing international attention, we are about to make an important choice.

The government started moving in December 1988. The Security Council came out with a policy of working out a defense buildup plan for another term, saying: "In consideration of the state of international affairs and the technical levels of other countries, it is necessary to formulate yet another medium-term defense buildup program like the existing one." Opened in line with this perception, the Security Council plans to meet about 10 times before formulating the program by the end of this year.

The preparation of the draft for the next defense buildup plan is already under way at the Defense Agency. Reports say that the term of the next program will be five years, as is the case with the existing plan, and that the cost would be in the neighborhood of Y23.4 trillion (as against Y18.4 trillion for the current plan at 1985 prices).

With this huge outlay of funds, the agency's policy is to step up (1) the qualitative improvement of defense capability, (2) the boosting of intelligence, command, communications and other support functions, and (3) the improvement of Self-Defense forces pay and amenities and manpower conservation.

The Security Council is to formulate the next defense buildup program on the basis of these ideas presented by the Defense Agency. The panel is an important institution for the nation, with the foreign minister, the finance minister, the chief Cabinet secretary and the director-general of the Defense Agency as members under the chairmanship of Prime Minister Toshiki Kaifu. We expect the council to search for a direction for Japanese security in the 1990s with the presentation of views from various points of view, instead of relying only on what the Defense Agency has in mind.

What we wish to know first in connection with the formulation of the next plan is the government's perception of the state of international affairs and its response to it—the factors that are to serve as the premise for the plan's preparation. In an analysis presented to the Security Council on Tuesday, the government interprets the world situation as remaining unstable and uncertain and thinks it "necessary to prudently make a clearer view of the trends."

Uncertainties inevitably accompany a period of upheaval. There is nothing simple about the trends of other countries' military power. Having said that, a long-term defense buildup program must be made with a

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considerable degree of prudence. There is much doubt that a flexible security policy can be established at all through a program that assumes a static situation over the next five years. Now that the council sees the necessity of "taking a clearer view of the trends," doesn't it make sense to form a buildup program of a short period of one or two years?

Yet another matter is the cost of the next program. Particularly in the 1980s, the rise in Japan's defense spending surprised, and was watched with suspicion by, the world. Though the rising yen had something to do with it, the notion that Japan ranks third in defense spending seems to have taken root.

Now that the buildup of basic defense capability is virtually complete, what is the wisdom of the next-phase program that will require, by a simple calculation, an additional Y1 trillion a year compared to the existing program? No wonder Japan's neighbors have become all the more suspicious.

A third issue is the use of that colossal defense outlay. Talk is in the air regarding introduction of airborne warning and control systems (AWACS), multiple-launch rocket systems (MLRS), tanker-transports and other highly expensive systems, while greater emphasis is said to be put on logistic support. These are precisely what the Self-Defense Forces wanted when the Soviet threat was being emphasized.

Now that there are signs of a change in the nature of the threat, a review of equipment is called for. What is required is a cool-headed debate and penetrating decisions.

Kanemaru Requests Freeze on Defense Buildup Plan

*OW2706071290 Tokyo SANKEI SHIMBUN
in Japanese 23 Jun 90 Morning Edition p 1—FOR
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[Text] Former Deputy Prime Minister Kanemaru, who now heads the Takeshita faction of the Liberal-Democratic Party [LDP], granted an interview to SANKEI SHIMBUN on the eve of the 30th anniversary of the revised Japan-U.S. Security Treaty—23 June, giving his views on foreign and defense policy in general. Kanemaru said he thinks that the adoption of a next-term defense buildup plan beginning in 1991 should be postponed by a year. He also said he thinks that the defense budget for fiscal 1991, the first year for the buildup plan, should be frozen at this year's level.

These remarks by Kanemaru appear to be based on his belief that it will not be wise, from the viewpoint of political operations, for the LDP to clash with the opposition camp over the next-term defense buildup plan now when detente is an international trend. His remarks are sure to invite major reactions since Mr Kanemaru is a leader of the LDP Dietmen's group concerned with defense affairs.

The government's Security Council (chaired by Prime Minister Kaifu) began discussing the next-term defense

buildup plan on 19 June. The government plans to prepare an outline of a draft defense buildup plan by September, and to finalize it in December, when the cabinet compiles the fiscal 1991 budget.

In the interview, Mr Kanemaru said: "The world is not in a state of tension now. The next-term defense buildup plan should be carefully reviewed over the next year." Speaking about the defense budget for 1991 in this regard, he insisted that the budget should be "frozen at this year's level."

Mr Kanemaru is head of the LDP's "Kokubo-zoku," the pressure group leading the party defense policy. His political stand within the party is pro-Kaifu for the present, and he has so far been at the vanguard of voices demanding an increase in defense expenditures. These remarks by Mr Kanemaru hence are thought to be aimed at avoiding LDP-opposition clashes over the defense buildup plan.

These remarks are also understood to have come out of Kanemaru's consideration for the Komeito, which, as its policies on the Diet operation, is calling for a freeze on defense budget and "re-reviewing" of the consumption tax.

Since Mr Kanemaru has been expressing a strong desire for improved relations with the Soviet Union, China and the DPRK (North Korea), these remarks also appear to be a revelation of his diplomatic strategy.

Mr Kanemaru called for fundamental reform of the existing defense structure, saying, "we must study how defense structure in a time of detente should be." Also noting that the Ground Self-Defense Forces [SDF] are having trouble recruiting enough people, he asked for a reduction and reorganization of the Ground SDF which are presently organized primarily to be able to repulse invading enemy forces before they hit a beach, the present concept being that "Japan is already lost if an enemy lands on a beach." Mr Kanemaru instead supported the idea of putting emphasis on the Maritime SDF and Air SDF.

Referring to the Japan-U.S. security system, however, he said that "even in the future there can be no Japan without the United States." Speaking on the occasion of the 30th anniversary of the Security Treaty, he stressed a need for "daring policy" to maintain the existing security system.

Specifically, he said that Japan's share of costs to keep the U.S. forces in Japan should be raised from the current 40 percent to about 50 percent. To do that, he insisted, the Status of Forces Agreement should be amended so that Japan can assume the costs of maintaining the military bases and the basic pay of Japanese employees, which have so far been borne solely by the United States.

Meanwhile, the Defense Agency is perturbed by former Deputy Prime Minister Kanemaru's proposal to put off

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by a year the adoption of the next-term defense buildup plan, and to freeze next year's defense budget. "That absolutely cannot be even thought about" was its reaction.

Mr Hiyoshi, director of the agency's Defense Policy Bureau, said: "An increase in the budget is a must next year. The yen is cheaper than before, and personnel expenses will go up because of the need to compensate for retirement pay for officers retiring at a young age under a new retirement system. Even in the case of the next-term defense buildup plan, delaying an action will only make the finalization of the plan difficult. Furthermore, if one wants to scale down the plan, it has to be done more systematically."

Defense Agency's Report to Security Council

OW0207095990 Tokyo YOMIURI SHIMBUN
in Japanese 30 Jun 90 Morning Edition p 2—FOR
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[Summary of a Defense Agency report to the Security Council of Japan, presented by Akira Hiyoshi, director of the Defense Policy Bureau, at Prime Minister Toshiki Kaifu's office on 29 June]

[Text] Contents (a summary) of the Defense Agency's report "On the Latest International Military Situation" presented to the Security Council on 29 June are given below:

1. Overall Situation

- The international situation is undergoing historic changes, centering around Europe, and the East-West relationship is shifting toward an era of dialogue and cooperation.
- In the military area, there have been noticeable developments like the Strategic Arms Reduction Talks (START) and the talks on Conventional Forces in Europe (CFE).
- Such changes are due to bankruptcy of the socialist economy. In the background for these changes are the unity and prosperity maintained by Western nations.

2. START

- Basic agreement on the question was reached at the U.S.-Soviet summit in Washington.
- There will be no change in the fact that even when a treaty on the START is signed and implemented, the United States and the Soviet Union will remain nuclear superpowers.

3. Talks on Conventional Forces in Europe

- The European region is an area where the East and the West are connected by land, and military powers of the two sides have long confronted each other intensely.
- In the background of the developments of the CFE are long, steady endeavours of the Conference on Security and Cooperation in Europe (CSCE) to gain confidence and trust.

- Even when the agreement on the CFE is signed and enforced, military confrontations in the European region will remain at a relatively high degree as compared to other regions.

4. Situation in Region Around Japan

(1) Basic Situation

- The region surrounding this nation is not in a situation like that of Europe, where the East and the West are polarized and are confronting each other intensely. Besides, confrontations that occur are less frequently due to ideological differences. There is little geographical togetherness in this region, and little unity, from the standpoint of security, exists. Various national interests and different views on the security of the nations thereby cause complicated and complex mutual relationships. This is the underlying basic situation.
- The United States, being a maritime power allied with a country across the Pacific, is forward-deployed, with emphasis on naval and airforce capabilities.
- The Soviet Union is a continental power with huge ground combat forces. It also has in the region the Pacific Fleet, which is its largest fleet, in addition to strong air force capabilities.
- China, with its large territories to defend and border-sharing with a large number of nations, possesses enormous ground combat forces.

(2) Situation of Far East Soviet Forces

- Even though in this region there is no situation of intense military confrontation as seen in Europe, the Soviet Union continues to build up its military forces in this region.
- Whereas such a small percentage of the population and so few industries exist in the Soviet Far East, the Soviet Union has in the area combat forces equivalent to one-fourth or one-third the country's total strength, and the forces are deployed to areas close to Japan.
- Such existence of Soviet troops in the Far East acts as a destabilizing element in relation to other countries in the area. This poses a potential threat to Japan in particular, since it is geographically close to the Soviet Far East.
- Of late, the Soviet Union's military is carrying out quantitative reductions of equipment, primarily to remove old equipment; on the other hand, it is also pushing programs for overall reorganization, rationalization, and modernization by effecting qualitative improvement of its equipment.

5. Conclusion

- Drastic changes in East-West relations are foreseen to contribute to minimizing the possibilities of nuclear warfare or a large-scale military clash between the East and the West.
- On the other hand, improved relations between the East and the West, as well as reasons for such changes, can present new problems. (For instance, European nations might start to seek a new order of security; there can be political and economic confusions in the Soviet Union and East Europe; there are apprehensions about

the diminishing influence of the United States and the Soviet Union in preventing conflicts in Third World regions.)

- The changes taking place in Europe are hoped to bring favorable effects to the region surrounding Japan. But the situation of this region in fact is rather complicated when compared with the situation in Europe. As seen in the Korean peninsula and Cambodia, the situation in this region continues to be unstable and fluid.

- The existence of Soviet troops in the Far East, on a scale far surpassing normal defense needs, becomes an obstacle to bringing stability and trust to the region.

- Moreover, prospects on how the international military situation will develop henceforth are not clear. It is very important that we continue to watch carefully the developments.

Economic Affairs

* Tokyo Firms Focus on Kansai Project

902A0186A Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 May 90 p 9—FOR OFFICIAL USE ONLY

[By Nikkei editorial staff writer Kenji Suzuki]

[Text] A movement by corporations with their home offices in Tokyo to strengthen their Kansai organizations and to establish new research institutes in the Kansai has become noticeable. Their aim is to secure technicians and researchers as well as to participate in the planning of large-scale projects, including the new Kansai international airport. A quiet Kansai boom is continuing, from the large electric machinery companies to various other types of businesses such as trading companies, banks, and hotels.

Imperial Hotel Debuts

The opening in Osaka of the Imperial Hotel was an event symbolic of this movement. Until now the chain was negative toward expansion, and the Imperial had only one other hotel, located in the Kami Kuchi resort area (in Nagano Prefecture). There were two reasons for their decision to open in Osaka.

One reason was that of the "three royal houses of the hotel business," the New Otani opened in Osaka, and the Hotel Okura also opened in Kobe last year, and both were doing very well in the accommodations and banquet businesses. The other reason has to do with the future character of the market. When the new Kansai International Airport opens in 1993 with its capability of 24-hour-a-day operation, Osaka will follow Tokyo as Japan's gateway, and they believe that hotel traffic, including foreign visitors, will increase dramatically.

According to a survey by the Kansai Industrial Activity Center, there are 682 large-scale projects (those over 1 billion) currently being planned in the seven prefectures of the Kinki Region (including Fukui Prefecture), ranging from the new Kansai international airport to urban redevelopment, to the development of resort areas. The total cost of just the 450 projects where the

numbers are known reaches some 28.5 trillion. These construction projects will continue without pause until the 21st century.

Nor, can Tokyo, the capital, overlook this opportunity. The attitude of the general trading companies is to take the Kansai very seriously, and they are competing to strengthen the ranks of their Kansai staffs and trying to profitably promote big business negotiations in the Kansai. Last year Sumitomo Corporation formally registered its corporate headquarters as Osaka, Marubeni Corporation promoted its chief officer in Osaka to vice president of the company, and C. Itoh & Co., Ltd. assigned a vice president to Osaka. In emulation of this, Mitsubishi Corporation will also promote its executive director in Osaka to vice president in June. Mitsui & Co., Ltd. has newly established a Kansai business division within its Kansai branch and aims to expand both new business with an intimate relationship to the region and business related to the new international airport.

The city banks are also emphasizing the opening of branches in the Kansai region. Among them, starting in April, Mitsubishi Bank, which is desirous of participating in the planning of Kansai projects, hung a poster in front of its branches in Osaka Prefecture that said "we want to assist in the development of Osaka, our birthplace." They brought out the theme that "it is Osaka where Yataro Iwasaki began his maritime transport business and which is the birthplace of the Mitsubishi Group," and Mitsubishi has become excited about planning for penetration into the region.

Aiming To Secure Personnel

General construction companies and the large real estate firms are also serious about the Kansai. Mitsui Real Estate Development Co., Ltd. reorganized its Kansai branch organization on a par with the Tokyo home office's "department system," and also decided to have regular management conferences in Osaka, harmonizing its conduct of full scale business in the Kansai districts such as Kobe.

In the manufacturing industries it is the establishment of research institutes in the Kansai that is conspicuous. In the hills that span the three prefectures of Kyoto, Osaka, and Nara, where construction of the Kansai cultural and science city is progressing, Oki Electric Industry Co. Ltd., Fujitsu Ltd., and Cannon Inc. are building research facilities one after the other.

As progress is made in equipping these as research bases for them as Kansai-related manufacturers, there is the possibility that in the future that with the new Kansai international airport as a gateway, foreign research exchanges will flourish, but the main goal is to secure technicians and researchers. "Including Kyoto University and Osaka University, the universities in the Kansai have produced any number of excellent researchers, but many people who are from Kansai prefer to stay in the region to work, so if the companies do not have a research base in the Kansai, their recruitment will come to a standstill," so they say.

Excellent Consumer Climate

It is not only limited to early investing with an eye to the future. There are also firms making positive investments with the view that the consumer structure in the Kansai has steadily changed. One example is that in the middle of April, Seibu Department Stores opened one of its "Umeda Loft" speciality sundries stores in the heart of Osaka.

For this year, land prices in the Kansai have shown rates of increases that surpass those of Tokyo, and with the consequent wealth effect [shisan koka], department store sales and the number of automobiles newly registered continues to be high in the Kansai and low in the Kanto. With the pervasive effect of the International Flowers and Greenery Exposition added to this, the consumer

climate in the Kansai is excellent. This situation is spurring the movement toward serious consideration of the Kansai.

The financial world that until two or three years ago had complained that the Kansai base was sinking, also takes the view that the "uni-polar concentration around Tokyo has not ended, but it clear that the flow has changed" (Osamu Uno, chairman of the Kansai Economic Federation)

Though, if the rise in land prices continues this way, augmentation of the infrastructure such as roads will fall behind, and we will lose the feeling that land is a bargain compared with Tokyo. There is fear that cold water will be dashed on the Kansai boom, just as it gets under way.

UNEN Cited on Mongolia's Role in Asia-Pacific
OW1306123590 Ulaanbaatar MONTSAME in English
to BAKHTAR Kabul 1650 GMT 11 Jun 90—FOR
OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 11 (OANA-MONTSAME)—The further development of the MPR [Mongolian People's Republic] depends to a considerable extent on its active cooperation with foreign countries, in particular, with the countries and international organizations of the Asia-Pacific region. Of late, great attention is being paid to this respect in our country, writes the ruling party paper "UNEN." In this connection, of great importance is the study of possibilities of developing our cooperation with international organizations and foreign countries in economic, social, scientific, technological, cultural, and other spheres.

The paper notes that the urgent task is to actively participate in the all-out activities of one of the most important regional organizations of the United Nations—the Economic and Social Commission of Asia and the Pacific (ESCAP)—which members mainly more than 40 developing countries of the region. [sentence as received] The paper mentions about numerous programs and measures being organized by this organization, including on the use of natural resources, environmental protection, energy development, and training of specialists.

The MPR makes certain steps aimed at participating in regional cooperation, receives experts from international organizations, sends its post-graduates to other countries, and starts organizing separate seminars. However, it is time to effectively use greater possibilities for further intensification of our cooperation with the countries and international organizations of the region, the author notes.

Japanese Firms To Aid With Metallurgical Plant
OW1406031190 Ulaanbaatar MONTSAME in English
to BAKHTAR Kabul 1630 GMT 13 Jun 90—FOR
OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 10. (OANA-MONTSAME)—The first in Mongolia ferrous metallurgical factory is to be built in the town of Darhan, the second biggest industrial centre in the country.

The ruling party paper "UNEN" writes that Japanese firms "Itochu" and "Mitsubishi" will take part in the building of the new metallurgical factory. The agreement was signed between the Mongolian Foreign Trade Amalgamation "Mongol-Impex" and Japanese firms. The first stage of the factory of ferrous metallurgy will be constructed in 1990-1993 and the following ones during the years up to 1995. According to the agreement, Japan is going to supply Mongolia with production equipment, materials, and raw materials. The Japanese side is also responsible for technological designs and schemes. The Mongolian side, with the help of Japanese experts, will do the building-assembly work and build, on its own,

production and subsidiary projects. Highly-skilled workers to be employed by the new factory are to be trained in Japan.

The new factory will be built at the level of modern mechanized enterprises by the showing of labour productivity. It will have the capacity of manufacturing 100,000 tons of products a year. About 50 percent of its products are designed from the home needs, 15 percent for Japan and the remaining part is to be realized at the world market.

According to specialists, the factory goods will become quite competitive with the same items of the world and be highly productive ones. With its commissioning, the factory will fully meet the needs of the country in steels, which are bought from abroad, for construction reinforcements etc. and it will also export its products.

Government, UK Sign Cooperation Accord

OW0906104790 Ulaanbaatar MONTSAME in English
to BAKHTAR Kabul 0630 GMT 9 Jun 90—FOR
OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 8 (OANA-MONTSAME)—A programme of cooperation between the governments of the MPR [Mongolian People's Republic] and the United Kingdom of Great Britain and Northern Ireland for 1990-1993 in the spheres of culture, education, science and technology, was signed today here by G. Dashdabaa, MPR deputy foreign minister, and D.K. Sprague, ambassador of the United Kingdom of Great Britain and Northern Ireland in the MPR.

The programme envisages the establishment of direct relations between scientific, cultural and educational organizations of the two countries, holding of joint researches and mutual exchange of lecturers, journalists, scholars, specialists, students, actors and exhibitions. Besides, according to this programme, the British side will equip an English language laboratory of one of Ulaanbaatar secondary schools. The sides agreed to study the possibility of opening a cultural and information centre of the United Kingdom in the Mongolian capital.

Meeting of Socialist Trade Ministers Concludes

OW1606143090 Ulaanbaatar MONTSAME in English
to BAKHTAR Kabul 1355 GMT 16 Jun 90—FOR
OFFICIAL USE ONLY

[Text] Ulaanbaatar, 16 Jun (OANA-MONTSAME)—The second meeting of internal trade ministers of socialist countries was wound up here today. The delegations from Bulgaria, Cuba, Czechoslovakia, the GDR, Hungary, Poland, Romania, USSR, Vietnam and Mongolia took part in the meeting.

The participants in the meeting discussed the issues of perfecting an economic mechanism of internal trade, introducing the achievements of scientific and technological progress into trade and services of the MPR [Mongolian People's Republic] improving exchange of goods among socialist countries and cooperation in this

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field. The meeting was addressed by C. Purebdorj, deputy chairman of the MPR Council of Ministers.

Trade Union Central Council on Elections

OW0106204590 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1900 GMT 1 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 1 (OANA-MONTSAME)—Being the biggest organization of working people, the Mongolian Trade Unions (MTU) will take part in the forthcoming general elections adhering to an independent position, says the statement of the MTU Central Council [CC], published in the trade union paper "HODOLMOR".

The document says that the MTU will support those forces which are capable of expressing vital interests of the people and the country. The MTU Central Council voices solidarity with the manifesto of the MPRP [Mongolian People's Revolutionary Party] in connection with the forthcoming elections and the government programme for the nearest future characterizing them as "according with the aspirations and interests of all working people of Mongolia".

The MTU Central Council believes that "active participation in the elections ensures the consolidation of TU [trade union] positions in the "political system and socio-economic life of the country and present more wider possibilities for constant defence of vital interests of the working people". [quotation marks as received]

In the statement the MTU CC calls upon all TU members and all voters "to take part in the elections with high civic political responsibility being well aware of the fact that there is the voting for humane and democratic society".

UNEN Editorial Discusses Coming Elections

OW0706032090 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1304 GMT 6 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 6 (OANA-MONTSAME)—The forthcoming general elections, slated for 29 July 1990, continue to be in the centre of attention of the press.

The ruling party paper "UNEN" notes editorially that the forthcoming elections to the people's hural of all stages will take place for the first time ever in an atmosphere of profound democratic changes, underway in all spheres of life, and in connections of the multiparty system. And this demands from all party organizations and party members to display flexible and businesslike approach towards the preparations for elections. The article points out that preserving the role of the MPRP [Mongolian People's Revolutionary Party] as the ruling party depends from receiving the majority seats in the Baga [Little] Hural.

The MPRP members and the entire working people of Mongolia, the paper notes, face the task to nominee [as

received] to deputies the best people who can express the interests of the people in a worthy manner.

The MPRP has great merits in ensuring the victory of the people's revolution and founding the people's state. Nobody doubts in the fact that it, as before, enjoys the people's trust. One might express confidence that the MPRP members and the working people will vote at the forthcoming general elections for the MPRP, for vital interests of the motherland and people, the paper notes.

Election Commission Head Meets Party Leaders

OW1306133590 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0925 GMT 9 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 8 (OANA-MONTSAME)—Jugderdemidiyn Gurrachaa, chairman of the Territorial (Central) Election Commission, met representatives of political parties of the country and heard their views on the course of the pre-election campaign.

T. Elbegdorj, representative of the Mongolian Democratic Party (MDP), noted that the majority of election district commissions were formed before the new political parties were officially registered. This, according to T. Elbegdorj, serves as the pretext for local authorities not to accept the representatives of new political forces in taking part in the organization of the pre-election campaign. Besides, T. Elbegdorj cited examples testifying to the violation of norms of democratic procedure of holding the meetings to nominate candidates to the deputies.

D. Ganbold, the leader of the Party of National Progress (PNP), requested to draw the attention of state bodies to the fact that the principle "one voter-one voice" is being violated because of imperfection of the Law on Election. Emphasizing that there are provisions in the law having ambiguous content, he said that the current pre-election campaign is being turned practically into the campaign of explaining this law to the public.

H. Maam, leader of the Party of Free Labour (PFL), pointed out the formal approach to organizing the pre-election campaign being observed in a number of cases of the activities the bodies of state power at places. [sentence as received] He proposed to provide political parties with the right to use national radio and television free of charge during the pre-election campaign. T. Oold, representative of the MPRP [Mongolian People's Revolutionary Party], spoke for enhancing the control of state bodies over the course of nominating candidates to deputies. R. Gonchigdorj, representative of the Social-Democratic Party (SDP), drew the attention of the Territorial Election Commission to ensuring an independent position of the leaders of local bodies of power as well as election district commissions.

Addressing the participants in the meeting, J. Gurrachaa emphasized the importance of holding regularly such meetings before the start of new stages of election

campaign. He called on all political forces to strictly adhere to the norms of the law and abstain from holding mass rallies.

Election Commission Head Discusses Campaign

OW1306133890 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0930 GMT 9 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 9 (OANA-MONTSAME)—I should accept the fact that the representatives of new political parties were not included in a number of election commissions, J. Gurragchaa, chairman of the territorial (central) commission on elections of deputies to people hural of all stages, said in his interview with a MONTSAME correspondent.

This was explained by J. Gurragchaa that the pre-election campaign started before the new political parties were officially registered and they failed to form their primary organizations in time.

He also recognized that there are some shortcomings in the law on elections, which are also mentioned by new political forces. "Unfortunately, nothing can be done. The change of the provisions of the law is in the competence of the future parliament," J. Gurragchaa pointed out.

"I am fully satisfied with a businesslike atmosphere of my commission, where the representatives of all political parties of the country are working together. The most important thing for us is to strictly observe the law and act within its framework."

Concerning the proposal of the Coalition of Democratic Forces of the country (CDF), ranking all new political parties, on the necessity of inviting foreign observers to elections, J. Gurragchaa said that this issue should be decided at the state level. I think that the Consultative Council, founded by political forces of the country, could have solved this problem. As far as my opinion is concerned, I believe that we could hold the elections in accordance with democratic norms without any difficulties, J. Gurragchaa pointed out.

New Draft Labor Code Published for Discussion

OW0706030590 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1300 GMT 6 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 6 (OANA-MONTSAME)—A new draft labor code of the MPR [Mongolian People's Republic] has been published in central newspapers for a nationwide discussion. The discussion continues until 20 July 1990. The Presidium of the MPR People's Great Hural formed a commission which is to generalize the proposals coming from the working people and complete the elaboration of the draft law with the account of those proposals and suggestions during the period up to 20 July.

The draft notes that the MPR Labour Code is called on to ensure the realization of the rights of the Mongolian

people to work and regulate labour relations of Mongolian as well as foreign workers and employees with state and public enterprises and organizations, including joint, international, and foreign organizations, if there is no other provision envisaged in international agreements signed by the country, labour relations between agricultural co-ops, cooperated enterprises, and organizations and their members are to be regulated by the law on cooperation and other legal acts of appropriate cooperated enterprises and organizations.

According to the Labour Code, the citizens of the MPR are provided with the right to work regardless of education, qualification, abilities, and interests in healthy conditions of labour safety, receive wages according to the scale, quality, and result of the work done, and enjoy the right to rest, pension, and allowances.

The new draft labour code includes provisions on work collectives, treaties, appearances, changes, and completion of labour relations, on working hours, holidays, labour discipline, norms, and work pay and material responsibility. Special issues envisage the conditions of labour: protection and social insurance, solution of labour disputes, the labour of women and those under age, and the control over the observance of the Labour Code.

Cooperatives Urged To 'Strictly Observe' Law

OW0906115490 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0620 GMT 9 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 8 (OANA-MONTSAME)—Of late the cooperative movement is developing rapidly in Mongolia. Different cooperatives producing consumer goods as well as service cooperatives are being founded, and the state provides them with necessary support. Many cooperatives like state enterprises have the right to enter the world market, of course within the framework of the appropriate laws and provisions. The resolution of the MPR [Mongolian People's Republic] Council of Ministers of 3 November 1990 regulates the procedure of granting to cooperatives the corresponding licences for foreign trade operations.

To the question how the laws and provisions are being observed by cooperatives is devoted a signed article of the ruling party paper "UNEN" on an example of activities of the cooperative "Buyan" (Good Deed). It was founded to produce certain consumer goods. But the "Buyan" decided to make some foreign trade operations by signing contracts with the company "Wande" of the Chinese province Hainan. The signed agreements envisage in part the founding of joint enterprises, the delivery from China of computers, musical instruments, and consumer goods. And this cooperative was to export to this Chinese firm mineral fertilizers, ferrous metals, including copper. But what has happened? It turned out that the cooperators had not have any bank guarantees and failed to manage to get licences for foreign trade activity.

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The enterprising is a good thing, but the law should be observed by everyone. It is imperative to ensure that cooperatives would strictly observe the law and control over their activities to prevent the violation of law in the purpose of their own advantage, the paper underscores.

Trade Unions' Central Council Elects Leaders

OW1306133390 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0936 GMT 9 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 9 (OANA - MONTSAME)—The first plenum of the Central Council of the Union of Mongolian Trade Unions (CCUMTU), elected the other day at the extraordinary congress of Mongolian trade unions, was held here today. It discussed the organizational issue: It elected the CCUMTU presidium consisting of 11 persons. Shiylegiyn Batbayar was elected the chairman of the CCUMTU and secretaries are S. Chuluunbaatar, C. Bayarbat. N. Myagmar became the editor-in-chief of the trade unions paper "HODOLMOR."

Deputy Premier Views Country's Political Future

OW1506085090 Tokyo ASAHI SHIMBUN in Japanese 13 Jun 90 Morning Edition p 6—FOR OFFICIAL USE ONLY

[Report on interview with Mongolian Deputy Premier Byambasuren by an ASAHI SHIMBUN reporter at the Mongolian Embassy in Tokyo; date not given]

[Text] In an interview with an ASAHI SHIMBUN reporter at the Mongolian Embassy in Tokyo, Mongolian Deputy Premier Byambasuren, who was visiting Japan, expressed his views on the present state of the political and economic reforms in Mongolia. In the interview, the first deputy premier predicted that the People's Revolutionary Party (the Communist Party) would continue to remain the ruling party by gaining a majority of seats in the July free elections to elect deputies to the People's Great Hural. The first deputy premier also said that Ochirbat, chairman of the Presidium of the People's Great Hural, would run for the post of first president to be elected by the the People's Great Hural after the July elections, and predicted that he would be elected to be the first president, with the support of the majority of deputies.

Claiming that, as part of the efforts to open the Mongolian economy to the outside world, the Foreign Capital Law, which allows the establishment of exclusively foreign-invested enterprises, is currently in force, he expressed hope that Japanese enterprises would make direct and active investments in the areas of light industry, heavy industry, domestic distribution, services, and tourism. Mongolia is about to greet an era of the multiparty system after the People's Revolutionary Party has renounced the one-party dictatorship, and the first free elections will be held on 29 July to elect 430 deputies to the People's Great Hural. According to the first deputy premier, a total of six political parties—the People's Revolutionary Party, the Democratic Party, the

Social Democratic Party, the New Progressive Party, the Liberal Workers' Party, and the Green Party—plan to field candidates in the upcoming elections. However, the first deputy premier expressed the optimistic prospect that the People's Revolutionary Party would gain "a majority of seats" through joint struggles with leagues of youth and women and labor unions.

P. Ochirbat Addresses Capital Party Conference

OW1606053290 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0730 GMT 14 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 14 (OANA-MONTSAME)—Artificial self-isolation from world development trends has not yielded any positive result in any branches of social life, P. Ochirbat, chairman of the Presidium of the MPR [Mongolian People's Republic] People's Great Hural, said today addressing the meeting for information, broadcasting and television. This meeting was held at the request of the State Committee Collective.

P. Ochirbat qualifies the open-door policy, announced by the MPR Government, as the main means of drawing the country out of the economic backwardness. The first step has been done in carrying out this policy, that is the law on foreign investments was adopted. Foreign partners are getting more interested in this law, P. Ochirbat pointed out.

Answering the questions put by the participants in the meeting, P. Ochirbat recognized a number of requests concerning social problems of the committee workers as justified and promised to promote their solution.

G. Ochirbat Addresses Capital Party Congress

OW1506152590 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0735 GMT 15 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 15 June (OANA-MONTSAME)—The 24th party conference of Ulaanbaatar was held here today and it heard and discussed the key-note report delivered by B. Dash-yondon, chairman of the Ulaanbaatar town party committee.

The speaker underscored the need of renewing the ideological work of the town party organization. The core of the renewed ideological work should be directed, first of all, at elucidating our reality to the public.

G. Ochirbat, chairman of the MPRP [Mongolian People's Republic Party] Central Committee, addressed the party conference with a speech. He stressed in part that over two months following the MPRP extraordinary congress, the party had done a great deal of work on democratization and renovation of the inner-party life, on getting rid of ideological dogmatism and stereotypes of thinking, as well as on development of pluralism, denunciation and constant liquidation of past distortions.

It is clear that persistent renovation of the work of the Ulaanbaatar party organization, ranking almost one

third of all MPRP members, is of great significance for the whole party, G. Ochirbat noted. There is a crisis situation in the life of our society. Many unsolved economic, social and demographic problems have been accumulated. The question of stability, discipline and order draws certain attention, he noted.

G. Ochirbat pointed out that the MPRP attaches great importance to the forthcoming general elections slated for July 29 1990, which are to be held for the first time ever in conditions of the multi-party system. These elections will form a new system of bodies of state power, he noted.

UNEN Reports Decrees of Great Hural Presidium
OW2306233790 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1502 GMT 22 Jun 90

[Text] Ulaanbaatar, June 22 (OANA-MONTSAME)—The ruling party paper "UNEN" published today the decrees of the Presidium of the MPR [Mongolian People's Republic] People's Great Hural. It decreed to release Dzunduy Saarl from the duty of the manager of board of office [administration of affairs] of the MPR Council of Minister in connection with the transfer to another job. Demchigjabyin Molomjamts was appointed to this post. He has been the minister of finance.

(Ayurn) Badzarhuu, first deputy finance minister, has been appointed the MPR minister of finance now.

Observer Views Restructuring, Renovation

OW1306123690 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1655 GMT 11 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 11 (OANA-MONTSAME)—A MONTSAME observer, Y. Yunden, writes: The process of restructuring and renovation of Mongolian society is becoming a concrete deed. This is testified by many wise decisions taken of late by the ruling party (MPRP) [Mongolian People's Revolutionary Party], lawmaking and executive bodies of the country, as well as by latest events taking place in different parts of the country.

The Presidium of the MPR [Mongolian People's Republic] People's Great Hural, the Council of Ministers, and the Presidium of the MPRP Central Committee decided to render practical aid to those people who were subjected to repression during the years of lawlessness and stagnation. In particular, according to the existing law, some persons will receive a merit pension with an account of the posts they had before the repression. The families of those who died are to be granted one-time allowances.

Measures will be taken also to return the housing to those people who were repressed illegally and improve their housing conditions. It was also decided to make corrections in the book of labour of those who were dismissed from their work for "antiparty activity" during the years of repression.

The second event is linked with the rebirth of religious service at the outstanding Buddhist monastery Amarbaiglan in Selenge Province. It was built at the initiative of Ondorgegiyn Dzendzambadar, the Mongolian prominent public figure, enlightener, sculptor, and painter of 17-18th century. The Amarbaiglan Monastery was the place of a mass pilgrimage. But it was ruined barbarously in 1937 like other many creations of Buddhist architecture and its clergymen were driven away or killed.

The restructuring has inspired the second life of Amarbaiglan: Trumpets began to play again at dawn of 8 June 1990 after the 53 years of silence, marking the opening of the first church service in the revived monastery. The Buddhist priests who are today 73-85, who survived the lawlessness, and also young priests will take part in the services of the monastery. It is planned to organize seminars here, where the school-leavers of the 8th and 10th grades will be accepted.

These two events are from the life of restructuring in Mongolia. The first one concerns Mongolian society. Both are connected by the revival of justice as a result of restructuring.

Higher Party School To Be Reorganized

OW3005141590 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1132 GMT 29 May 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 28 May (OANA-MONTSAME)—As the ruling party newspaper "UNEN" reported, in connection with the renewal of the political system of society, the Presidium of the MPR [Mongolian People's Republic] People's Great Hural has decreed to found the Higher Political School on the basis of the Higher Party School. The decision to transfer the Higher Party School named after D. Sukhe Bator under the MPRP [Mongolian People's Revolutionary Party] Central Committee to the state under its authority was made by the Presidium of the MPRP Central Committee, which resolution was also published in the paper "UNEN".

The Higher Political School will train and re-train leading personnel for state and administrative bodies, party and public organizations as well as for the mass media. Besides, it will conduct researches in the sphere of political and social sciences.

Professor G. Miegombo, who was the rector of the former Higher Party School, was appointed the rector of the new Higher Political School.

Latest Issue of Paper ARDCHILAL Reviewed

OW0706051490 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1307 GMT 6 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 6 (OANA-MONTSAME)—Mongolia is undergoing the responsible period of forming the new state system, reads the appeal of the Mongolian Democratic Association (MDA) and the Mongolian Democratic Party (MDP) to the voters of the country. This appeal has been published in the latest

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issue of the newspaper "ARDCHILAL" (DEMOCRACY), the press organ of these forces. The MDA and the MDP appeal the readers to make their contribution to holding the forthcoming general elections to people's hurals of all states in accordance with the norms of democracy, equality and free will.

"ARDCHILAL" publishes the statement of the Coalition of Democratic Forces (CDF) consisting of the MDA and MDP and a number of other new parties and political movements. In this document the CDF makes a conclusion that the pre-election campaign does not create equitable conditions for all political forces of the country. Proceeding from this the CDF notes that in case of the task of ensuring equitable and just conditions for all to take part in elections then it can not regard them as genuinely free elections and is ready to refuse from taking part in them. The CDF also considers it necessary to invite to the forthcoming elections foreign observers.

In his travel notes the correspondent of the newspaper writes about the ecological situation in Dornogobi Province (South Mongolia). He reports also about the regular round of the withdrawal of Soviet military units from the territory of Mongolia.

"ARDCHILAL" devotes its signed article to the outcomes of the extraordinary congress of the Mongolian Revolutionary Youth Union, held in April 1990. According to the author, this congress, on which the youth of the country pinned great hopes, connected with the renovation of the youth organization, failed to achieve its goals.

The newspaper publishes an open letter of one of elder MPRP [Mongolian People's Revolutionary Party] members, who was expelled from the party in 1990. Condemning the MPRP in mass illegal repressions, the author of the letter, basing on his own calculations, sets off his figure of the number of victims (not more than 40 (four zero) thousand) against 350 (three five zero) thousand. [sentence as received] The open letter was handed this April to the extraordinary MPRP congress.

The newspaper publishes the translations of the letters by Traykin "Hope or Support" from the Soviet magazine "OGONEK" and an article by the special correspondent of "MOSKOVSKY KOMSOMOLETS" M. Pasternak.

Roundtable on Environmental Protection Held

OW1306132390 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0933 GMT 9 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 9 (OANA-MONTSAME)—The Mongolian Union of Nature and Environmental Protection (MUNEP) together with the MPR [Mongolian People's Republic] Ministry of Nature and Environmental Protection, organized here a roundtable on ecology.

Addressing the participants in the roundtable, O. Amarhuu, MUNEP president, said in part that the nature and environment protection becomes a state policy in conditions of restructuring underway in the country. He underscored great significance of pooling efforts of the public in this respect. Of late there have been formed a number of unions, associations, and movements which have one final goal—to protect the nature of the country. The aim of MUNEP is to unite the efforts of all these voluntary organizations in the struggle for nature and environmental protection, O. Amarhuu pointed out.

The participants in the roundtable discussed a number of issues concerning the participation of state and public organizations in this nationwide deed, interaction of their activities and establishment of universal control over the use of natural resources as well as over the nature protection.

Committee of War Veterans Holds Conference

OW1606050390 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0733 GMT 14 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 14 (OANA-MONTSAME)—The first conference of the Mongolian Committee of War Veterans (MCWV) was held today in the capital. Its participants discussed the questions dealing with the tasks of the MCWV and adopted its new programme.

The Mongolian Committee of War Veterans was formed in 1988 in the composition of the Union of Mongolian Veterans. It is a public organization ranking partisans of the 1921 People's Revolution, Mongolian citizens who took part personally in defending the freedom, independence of the motherland and revolutionary gains of the Mongolian people from home and alien enemies. At present the MCWV ranks among its members 12 partisans of the 1921 People's Revolution, about 1500 participants in the 1939 liberation war in the region of Halhbol and other border conflicts.

The main goal of this public organization is to defend the interests of war veterans, promote the solution of their social problems and education of the rising generation in the spirit of patriotism and internationalism.

Saw Maung Discusses U.S. Congressional Stance
OW2705031190 Tokyo YOMIURI SHIMBUN
in Japanese 25 May 90 Morning Edition p 4
—FOR OFFICIAL USE ONLY

[Text] Asian Bureau (Bangkok), 24 May—Saw Maung, chairman of the State Law and Order Restoration Council (SLORC), (who is currently serving as premier, defense minister, and foreign minister), answered YOMIURI SHIMBUN questions in writing on 23 May on the eve of parliamentary elections (slated for 27 May) in Myanmar (old Burma). The chairman discussed the character of the SLORC and said that it is "an interim government" assigned the duty of restoring social order. He also stressed that "it would continuously carry out political, economic, and diplomatic duties." This suggests that he has no specific intention of turning power over to civilian rule. Concerning foreign policy, the chairman made clear his stand of strongly opposing any intervention in his nation's internal affairs by foreign nations in line with the principle of nonintervention in the domestic affairs of other nations. Referring to growing moves within the U.S. Government and Congress to demand democratization and impose economic sanctions, the chairman flatly said that "any suspension of economic aid from the U.S. Government would not have any adverse impact on our nation's (economy)." Referring to the domestic policy area, the chairman expressed his resolve to pursue continuously an independent line of "the closed system" in the next several years.

The following is a summary of the chairman's written answers:

Guarantee of Free Elections

The holding of elections was a commitment made by the SLORC when it was inaugurated. The Election Management Committee is an independent body that will supervise the elections and it was established to meet the people's desires. The SLORC will play the role of referee in the elections. Military personnel working for the SLORC have no ties with political parties. This is evidence that makes it possible for political parties and candidates to compete in the elections without facing any harassment. Ballot counting will be done by persons designated by the Election Management Committee immediately after the elections and in the presence of the candidates.

New Government

Winners of the elections will become members of the People's Congress. They will carry out political activities in accordance with the laws. The SLORC continuously will have political, diplomatic, and economic responsibilities. The SLORC will transfer state power to a new government at an appropriate time.

Release of Antigovernment Leaders

I would like to say that there are no antigovernment leaders against the SLORC. The SLORC will not field any candidates in the elections and no SLORC members

are affiliated with political parties. The SLORC is only serving to maintain law and order during the transition period. At present, those, who are facing restrictions on their activities, are lawbreakers and necessary measures were taken against them in accordance with laws. Hence, there is no possibility of them being released until the period set on the basis of our laws is over.

Foreign Policy and U.S. Policy Toward Burma

Our nation views nonintervention in domestic affairs of other nations as a principle of our foreign policy, and we are vehemently opposed to the intervention in our nation's internal affairs by other nations. Some U.S. Congressmen made proposals opposing our nation, which they view as not coinciding with the interests and policies of the United States. However, their moves do not necessarily reflect the view of the U.S. Government. The so-called U.S. economic aid to Burma is practically nothing. Therefore, the suspension of the U.S. economic aid will have no adverse effect on our nation's economy.

NLD Acting Chairman Discusses Power Transfer

OW0206024790 Tokyo MAINICHI SHIMBUN
in Japanese 31 May 90 Evening Edition p 2
—FOR OFFICIAL USE ONLY

[By correspondent Yutaka Aramaki]

[Text] Rangoon, 30 May—The National League for Democracy (NLD), the opposition party, has won an overwhelming victory in Burma's general election. It is certain that the NLD will establish a new government by itself. U Chit Maung, acting NLD chairman, in an exclusive interview to MAINICHI SHIMBUN on 30 May, stated his views based on the election outcome and disclosed interim measures.

Touching on the major focal issues, including the start of the new government and the relations with the Saw Maung military regime, acting Chairman U Chit Maung stated: "We will form a new government within 45 days. We are prepared to hold dialogue based on equal status with the Army, and we will demand the transfer of political power within three months at the latest." Thus, he stressed the "smooth transfer of political power through dialogue."

Since Chairman Tin U, former national defense minister, and General Secretary Aung San Suu Kyi were imprisoned and detained, the NLD has had to weather the election campaign under the group leadership of nine Central Executive Committee members. The 72-year-old U Chit Maung, a former Army colonel, has actually assumed responsibility as chairman.

Touching on the recent election outcome, he said: "It should be particularly remembered as the major turning point in our country's history. The outcome clearly indicates that our people want to have the nation rebuilt by a democratic administration and through free economic activities. As for the landslide victory, he disclosed his frank impression by saying: "We are rather

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confused, because it indicates that the people's support has far exceeded our expectations. I was so happy that I wanted to cry out."

The NLD will decide on measures to be taken at the first session of the Central Executive Committee after the election scheduled for 1 June. However, Mr. U Chit Maung pointed out the issue of the release of political

prisoners, including Ms. Aung San Suu Kyi, is the top priority task. He stated: "We will demand that the military regime release them without delay before the inauguration of the new government." Concerning the timing for the new government's inauguration, on which attention is now centered, he declared that "it will probably be established within one month or 45 days."

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Cambodian Premier Son Sann Views Tokyo Talks
OW0706154190 Tokyo ASAHI SHIMBUN in Japanese
7 Jun 90 Morning Edition p 6
—FOR OFFICIAL USE ONLY

[Text] Son Sann, 78-year-old premier of the Cambodian National Government (of the tripartite coalition) who attended Tokyo talks on Cambodian peace, granted an interview to ASAHI SHIMBUN at a Tokyo hotel on 6 June. In the interview, Premier Son Sann appraised the Tokyo talks as "a great step forward toward the correct settlement of the conflicts." At the same time, he stressed that "the agreement of the four factions, including the Pol Pot faction, will be indispensable to the comprehensive political settlement." As for the implementation of "the plan to set up the supreme national council [SNC] by the end of July," which was included in the joint communique, Premier Son Sann disclosed his view that it would be extremely difficult.

It is stated in the joint communique signed by Prince Sihanouk (president) of the National Government and Premier Hun Sen of the Heng Samrin regime that self-restraint should be implemented on the use of force and that "the SNC should be convened by late July at the latest." Touching on this fact, Premier Son Sann stated: "It was Vietnam and the Heng Samrin regime that made the proposal for establishing the Council. Because we want peace, we agreed to this proposal." However, he stated that "the Council should not be composed of two parties, or two factions, but of four factions." He added:

"If the Pol Pot faction should be forced into jungles (by fighting), there will be no peace." Thus, he stated his views that it would be difficult to establish the council by July if the Pol Pot faction were actually excluded.

Premier Son Sann also stated: "Of course, our people should never forget what the Pol Pot faction has done. The people's wishes are also my wishes. We certainly do not want the Pol Pot faction to restore its power. However, we must stop people from killing each other."

Then, he pointed out that even after the Vietnamese troops' withdrawal last September, there are still over a million immigrants from Vietnam. He reiterated his cherished view that after implementing the comprehensive political settlement, all foreign forces should be completely eliminated and a free election should be held under UN supervision.

Moreover, he appraised the Tokyo conference, saying that it had achieved the role of bringing about the conference of five permanent member nations of the UN Security Council scheduled for Paris in July. He said: "The four parties concerned have been invited from Cambodia. Of course, we will attend the conference, and the Pol Pot faction is also expected to attend."

It is stated in the joint communique that "the historic relics at Angkor Wat should be preserved." Concerning this point, he spoke highly of the communique and said: "Because of the civil war, the relics have been left untouched since 1971. It is of great significance that the Japanese Government has promised to cooperate in repairing the relics."

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Fiji

Opposition Leader Urges Western 'Caution'

PM2905131390 London THE INDEPENDENT
in English 29 May 90 p 12—FOR OFFICIAL USE
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[Interview with Adi Kuini Bavadra, leader of the Fiji Labour Party, by Robert Milliken in Sydney "this week"]

[Excerpts] Three years after the military coups which toppled her husband, Adi Kuini Bavadra, the opposition leader in Fiji, has appealed to her country's traditional allies not to prop up a government which has "institutionalised" racism. "Fiji today is a critically sick nation," she said in Sydney yesterday. "We have been let down by the international community." [passage omitted]

The day after Adi Kuini's arrival in Australia last week, Fiji ordered the closure of the Indian embassy in Suva and the expulsion of 55 Indian diplomats, staff and their families. She regards it as a deliberately timed, provocative move to further entrench the regime's "institutionalised racism" against the Indians, who comprise half Fiji's population.

The closure added weight to her appeal yesterday to Fiji's traditional allies, Australia, Britain and New Zealand, for caution in their dealings with the Suva regime. Australia, New Zealand and the United States have suspended military aid since the two coups of 1987, although Australia recently restored non-military aid to

pre-coup levels. Britain, keen for Fiji to re-join the Commonwealth, which it left after the coups, has re-introduced military assistance, in the form of training.

Adi Kuini told THE INDEPENDENT: "When I protested about Britain resuming military aid, British officials told me it was better for Britain to educate the army about its role in government than to allow a non-democratic country to move in and brainwash the Fijians. But the British are assisting a military government which toppled a democratically elected government of Her Majesty the Queen!"

She also expressed alarm over Fiji's growing military ties with China and France. Major-General Sitiveni Rabuka, the coup leader, and head of the armed forces, concluded a deal for Chinese military aid during a visit to Beijing this month. France has made strong military overtures to post-coup Fiji, including the recent offer to build a large military maintenance centre. Adi Kuini described France's track record in the Pacific region as "contemptible", and its flow of aid to the Fiji military as "abhorrent".

She said the regime's claims about Fiji's economic recovery since the coups were a myth. Most new jobs were in the expanded military or in the garment industry, where women factory workers were paid 9 cents an hour. "Economic hardship and suffering have never been more acute. Ratu Mara has publicly given up the ideals of multiracialism...Let Australia and all other nations that deal with the interim regime in my country not do things now that may embarrass them in future."